



SAN ANTONIO

STRATEGIC PLAN FOR ENHANCED ECONOMIC DEVELOPMENT

San Antonio, Inc.

A Community Economic Collaborative

Roundtable Workbook



sanantonio.gov/sainc



LETTER FROM THE MAYOR'S OFFICE

Dear San Antonians,

During the past three years, the San Antonio region has demonstrated a strong, diverse, and resilient economy. Remarkably, our community has weathered the recent national economic downturn with impressive net employment gains, relatively lower unemployment rates, and excellent prospects for future growth. By working together as San Antonio, Inc., the city's partners in economic development have promoted a vibrant economy marked by significant achievements that include:

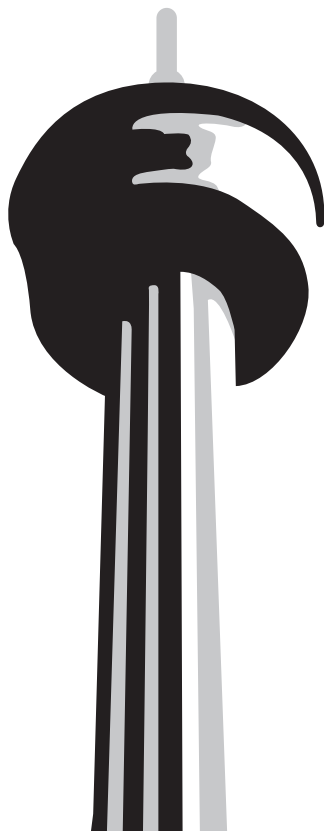
- In February 2003, Toyota selected San Antonio for its next automobile manufacturing site and will begin producing Tundra pickups in 2006. An event that will serve as the catalyst for growth in South San Antonio.
- The successful redevelopment efforts at KellyUSA continue with 90 percent of available facilities leased to over 74 tenants creating some 5,200 new commercial jobs with salaries averaging \$38,000/year.
- In July 2002, the City culminated years of planning with the transfer of Brooks Air Force Base to the Brooks Development Authority (BDA) and the creation of Brooks City-Base--a business and technology park.
- The establishment and funding of SATAI (San Antonio Technology Accelerator Initiative) in 2002 to encourage formation, recruitment, and growth of targeted industries, primarily assisting start-up companies.
- The emergence of San Antonio as a leader in the field of Homeland Security, and establishment of the Southwest Enterprise for Regional Preparedness in August 2003 under the leadership of SATAI.
- The establishment of workforce academies for high school students started with the Alamo Area Aerospace Academy (AAAA) in 2001, Information Technology & Security in 2002, a Manufacturing Technology Academy opening in Fall 2004, and the Advanced Technology Center (ATC).

In addition to these examples of our collective successes, many other components of our economic development strategic plan have been accomplished since the original version of the plan was approved in May 2001. Economic conditions, however, will continue to change and new opportunities will arise. For those reasons, we have devised a strategic plan that is a living document, with continuous revision by the San Antonio, Inc. stakeholder organizations and an annual Economic Roundtable for community feedback. As we move forward to implement our strategic plan, we must continue to focus on our core mission: continuing to develop an economy that provides opportunities to create, grow, and retain new enterprises, and raises the per capita income level for our region.

Thanks to everyone who has participated in forming San Antonio, Inc. and implementing the Strategic Plan for Enhanced Economic Development. The partnerships and relationships created through San Antonio, Inc. have been instrumental in coordinating ongoing economic development initiatives and provide a firm footing and foundation for future efforts. Working together, we are succeeding, and that success will continue to provide economic opportunities for all of us.

Mayor Edward D. Garza

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I. Introduction

For San Antonio's economy, this is a time of historic opportunity, growth, and transition. The rapid expansion of local aerospace, bioscience, computer information security, other leading edge technology industry clusters, and Toyota's selection of San Antonio as the site for its fifth North American automotive manufacturing plant all point to the emergence of San Antonio as a national and international center for research, design, production, and distribution of technology related products and services.

"San Antonio is a city of the future", declared Fujio Cho, President and CEO of Toyota Motor Corporation when Toyota's decision was announced. As a leader in international trade and tourism, as a strong supporter of NAFTA, and as a leading bio-medical and information technology research center, San Antonio has already emerged as a pacesetter and trendsetter on the world economic stage.

The opportunities and challenges presented at this time of historic transition require proactive strategies. As a result of the efforts of many industry and community stakeholders, San Antonio has chosen to collaborate on building a "new economy" – one that is regional in scope, leverages technology, focuses on comparative advantages, develops strength in partnerships and alliances, and provides opportunities for all citizens.

The economic development community, in conjunction with the City of San Antonio, has prepared this Strategic Plan to guide economic development across the region in the coming years. San Antonio's public and private sector leaders recognize that innovation, growth, and

competitiveness are essential in shaping shape a prosperous economy for the future.

A prosperous 21st Century economy involves more than using high technology. Today, all industries and processes are technology-driven. The communities that successfully leverage other key assets are dynamic and efficient – they have mastered the ability to produce and use their knowledge and regional comparative advantages to innovate and create wealth. Such "high performance economies" are characterized by increasing prosperity, decreasing disparity, and improved sustainability of the environment and quality of life. San Antonio's goal is to strategically improve local economic conditions so that all citizens benefit from these high performance attributes. Historically, government, tourism, service industry employment, and a diverse array of small businesses shaped San Antonio's local economy. Today, these traditional sectors continue to serve as a source of economic opportunity for San Antonians and present a solid foundation for continued growth in emerging industries.

The Strategic Plan outlines a framework to create a high performance economy for San Antonio. Success will be measured through improvements such as: raising the per capita income level relative to state and national averages; increasing the number of higher-paying jobs from value-added businesses; decreasing the poverty rate through increased education and skills development; and enhancing the delivery of community and quality of life services. A core set of guidelines form the basis for achieving San Antonio's new economy:

Honor Community Responsibilities



Economic growth and prosperity must be balanced while protecting San Antonio's environment and quality of life.

Promote Civic Alliances

Achievement of San Antonio's goals and successful implementation of the Strategic Plan demand new and stronger alliances. Community and regional government entities must commit to new ways of partnering effectively to ensure our future economic prosperity.

Focus on Entrepreneurial Alliances

Economic development agencies, educational institutions, and private sector forces must work in tandem to accommodate and nurture targeted industry entrepreneurial activity.

Embrace Technology

Technology is the source of growth in the new economy. Our challenge is to harness our existing community assets while enhancing and integrating our technology capacities.

Invest Wisely

We must make strategic choices that maximize the return of both public and private investments.

Promote Equity

We are united in supporting equal opportunities for all citizens, addressing income and wealth disparities, and promoting equitable inclusion policies.

Instill Accountability

San Antonio's economic development organizations must institutionalize accountability to citizens and stakeholders through the development of routine performance reviews and public disclosure of organizational performance, accompanied by ambitious goals.

Led by the San Antonio, Inc. Executive Board, and staffed by the City of San Antonio's Economic Development Department, this strategic plan represents a cohesive compilation of economic development strategies appropriated from existing planning documents and updated to reflect the current goals of San Antonio's leadership. The document draws principally on material developed through a public process that included the active involvement of community, business, neighborhood, industry, education, and organizational leaders throughout the city. The Strategic Plan also incorporates the collective results of previous work sessions and plans, including: Working Together, Better Jobs, the City of San Antonio's Master Plan, the Community Revitalization Action Group (CRAG), Targeted Industry Work Sessions, the 2001 Strategic Plan for Enhanced Economic Development, the 2002 Mayor's Blue Ribbon Commission on San Antonio's Economy, and the 2003 San Antonio, Inc. Economic Roundtable.

In order to compete successfully for future investment and jobs, San Antonio must assert its economic identity. The city must not only identify and capitalize on its comparative advantages, but also leverage community assets through greater collaborative alliances. This strategic plan is an expression of how San Antonio has chosen to pursue and achieve this vision, by capitalizing on available assets, resources and community partnerships.



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II. Strategic Framework

A. VISION

Our vision is to create an economy that provides opportunities to create, grow, and retain new enterprises, and raise the per capita income level for the San Antonio region. The realization of this vision is embodied in a high performance economy that encompasses these fundamental standards:

- A high performance economy that creates greater economic opportunities for our residents, while enhancing the quality of life.
- An entrepreneurial environment, that when nurtured, leads to the creation and expansion of new economy businesses.
- A spirit of coordination and collaboration with new and traditional economic partners working together to provide economic opportunities for all citizens.
- Workforce development initiatives that create a better-trained and skilled workforce to support and sustain our targeted industries.
- The opportunity for all citizens to attain a higher quality of education at all levels.
- A community that will adapt, thrive and keep pace with rapid technological changes, enhancing our ability to compete in a world economy.

B. STRATEGIC COMMITMENTS

In developing the Strategic Plan, the community identified many challenges for successful economic growth. San Antonio's task is to move forward together and address these challenges through the following strategic commitments:

- San Antonio's economic development efforts have produced numerous studies and initiatives that should be fully evaluated and implemented.
- Local governments must assume a stronger leadership role in coordination and facilitation of regional economic development efforts.
- Economic development and education institutions must find more common ground upon which to build and reinforce established economic strategies.
- Public and private interests must form long-term partnerships to develop and sustain a highly skilled workforce.
- San Antonio must work to strengthen existing targeted industries and continue to focus on building a leading technology-based economy.
- San Antonio's economic development organizations must develop a process for measuring performance and providing accountability.
- Long-term funding mechanisms should be identified to sustain investments in San Antonio's human capital and physical infrastructure



development.

- Economic growth and prosperity must be balanced while protecting San Antonio's environment and quality of life through sound, coordinated planning and development.

C. KEY VALUES AND TACTICS

Success comes from selecting the appropriate goals and then focusing on the right objectives and strategies to attain the community's goals. Key values serve as filters in the process of selecting from many available options. San Antonio is focused on cultivating and growing its portfolio of distinct, targeted industries that present the greatest opportunity for achieving status as a new economy. Each industry must be supported by a solid economic foundation composed of technology and innovation, human capital, financial resources, physical infrastructure and a vibrant entrepreneurial environment.

In the process of developing the strategic plan, the following values evolved from community inputs:

Leverage our targeted industries:

We must focus on those industries that possess the greatest potential for steady economic growth and a positive return on the community's investment.

Look South to improve our comparative advantages:

San Antonio's most compelling uniqueness comes from our intimate and longstanding cultural, geographic, and economic ties to Mexico and South Texas. The strongest force for building a competitive advantage is to capitalize on this relative strength in the world marketplace.

Leverage proximity to regional education assets:

San Antonio's regional neighbors (Austin, San Marcos, Houston-Galveston, College Station, etc.) offer unique technology capabilities and higher education institutions. Rather than head-to-head competition, we need to identify gaps, develop complimentary activities, and form partnerships that will broaden and stimulate regional economic growth.

Promote an entrepreneurial environment:

Entrepreneurs create most of the new jobs and new wealth in the U.S. economy through business start-ups and expansion. San Antonio must encourage entrepreneurship and remove barriers to entrepreneurial growth.

Maximize public/private resources:

We must identify, support, and champion public and private investments in initiatives that support growth in our targeted industries.

Encourage community empowerment and participation:

We need responsible economic development policies that do not leave businesses behind. We must provide all community sectors with the tools and opportunities to fully participate in the rewards of economic growth.

Collaborate to maximize synergy:

We need widespread participation of all economic development stakeholders in order to identify all appropriate opportunities and then focus together on desired outcomes. We must organize institutional resources and monitor collaborative processes.



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III. Strategic Plan

A. STRATEGIES

The Strategic Plan for Enhanced Economic Development was the culmination of numerous industry work sessions involving key stakeholders. These stakeholders identified the following primary goals, objectives, and strategies to shape a new economy for San Antonio. While there are many goals, objectives, and strategies laid out in a myriad of plans administered by a variety of economic development proponents, the Strategic Plan provides the primary strategies that will allow the community to focus its resources towards successful results. The Strategic Plan will be updated periodically and serve as the cornerstone of San Antonio's collaborative economic development efforts.

GOAL 1: Generate More and Better Jobs for All

Objective 1.1: Leverage San Antonio's Targeted Industries

The community will focus on the region's existing targeted industries, or those that can create comparative advantages. These include aerospace/aviation, biotechnology, high-end business services, information technology and security, logistics/transportation, manufacturing, telecommunications, and visitor-related services.

Strategies:

Secure flagship status (i.e. Tier I Doctoral/Research Extensive Status) for the University of Texas at San Antonio.

Secure a comprehensive Texas A&M University

System campus to be located in San Antonio's Southside.

Leverage middle schools, high schools and higher education institutions to provide programs that develop a future workforce to grow and sustain targeted industries.

Implement the 2000 Aviation Industry Strategic Plan for the City's aviation facilities.

Implement the San Antonio Technology Accelerator Initiative (SATAI) action plans.

Promote the Biotechnology, Sciences, and Engineering Center at the University of Texas at San Antonio--attract and retain talented researchers for the biosciences industry.

Implement logistics and transportation industry action plans.

Position San Antonio as a top 5 preferred leisure-visitor/corporate meetings and convention destination in the United States, Canada, and Mexico.

Develop and implement a community-wide strategy to prepare for the next round of base closure and realignment (BRAC) in 2005.

Market San Antonio's technology industry assets to the international community.

Position San Antonio as a center for Homeland Security solutions.

Develop and implement a strategy for the manufacturing industry.

Objective 1.2: Maximize San Antonio's South Texas Advantage

San Antonio should work to become the economic service center of the region and the location of choice for U.S. companies operating in Mexico and Mexican companies doing business in the United States. The city should also capitalize on economic opportunities through participation in regional development coalitions.

Strategies:

Implement the Inland Port San Antonio initiative and promote the city as a hub for distribution, transportation, and value-added assembly activities for Mexico-based companies, particularly Monterrey, Mexico.



Position San Antonio as a leading research and treatment center for diseases that have a high rate of incidence in South Texas, such as diabetes and heart conditions.

Capitalize on implementation of the cross-border trucking initiative with Mexico.

Objective 1.3:
Enhance Targeted Business Recruitment, Expansion, and Retention Efforts

The community will develop partnerships to facilitate the recruitment of targeted businesses and to encourage retention and expansion of existing businesses.

Strategies:

Market San Antonio to attract businesses, particularly in targeted industries, to promote investment and good-paying jobs that grow and diversify the City's economy at all levels. Leverage state and local incentive programs to attract businesses and expanding businesses.

Establish and implement a proactive process to build relationships with San Antonio's corporate community to enhance their potential for local growth and retention.

GOAL 2:
Promote a Robust Job Creation Environment

Objective 2.1:

Facilitate the Business Development Process

The community will promote an entrepreneurial environment that supports business attraction, retention and expansion, while improving the existing business development process.

Strategies:

Streamline business development processes as part of the new Development and Business Services Center.

Eliminate barriers to businesses through effective implementation of the new Unified Development Code (UDC) and continuous process improvements within the City's Development Services Department.

Objective 2.2:
Leverage Resources for a More Vibrant Economy

The community will ensure: 1) the availability of a skilled workforce for targeted industries; 2) access to a range of capital for business formation and expansion; and 3) essential infrastructure.

Strategies:

Continue to support programs that connect the education system with employer needs, especially those within targeted industries, with an emphasis on mathematics, science, and technology literacy.

Align workforce development programs forecasting labor market needs of targeted industries for the new economy.

Maintain a stronger partnership with industries, job training programs, Alamo Workforce Development, and City and County jobs programs to coordinate economic and workforce development policies.

Identify, support, and champion public/private investments in infrastructure (i.e., water, energy, transportation, communications, and commuter rail) necessary to support the growth of targeted industries.

GOAL 3:
Encourage Economic Equity and Diversity

Objective 3.1:

Ensure Small Business Opportunities in the New Economy

The community will continue to focus on responsible economic development policies that include small, minority, and women-owned business enterprises (SMWBE's). Efforts must ensure that all sectors of the community have the opportunity and accessibility to fully participate in the benefits of the new economy.

Strategies:

Identify and eliminate barriers to ensure fair competition in government contracts.

Educate the small business community on ways to participate in the new economy (i.e., the targeted industries).

Include small business in the development and expansion of targeted industries. Promote public/private sector contracting opportunities.

Educate and encourage targeted industries on the benefits of small business utilization.

Continuously evaluate the effectiveness of the City's Small, Minority, & Women-Owned Business Advocacy Program.

Develop and enhance programs that provide access to capital and credit for small businesses.



Objective 3.2:

Promote Revitalization in Targeted Areas

The community will leverage economic generators and assets to promote economic development in areas that are prime for growth and development.

Strategies:

Continue implementation of the Initial Base Adjustment Strategic Committee (IBASC) Strategic Plan for KellyUSA.

Leverage physical and intellectual assets of our research and educational institutions to promote growth and development.

Continue the San Antonio River Channel Improvements Project to create a continuous park from Brackenridge Park to Mission Espada.

Continue implementation of the Downtown Strategic Plan.

Continue implementation of the Neighborhood Commercial Revitalization (NCR) programs.

Leverage community resources to create economic development in the City's Federal Empowerment Zone (FedEZ), State Enterprise Zones (TxEZ), and Defense Zones (DZ).

Continue implementation of the Brooks City-Base master plan to develop a technology and business center.

Identify social issues that may be addressed as business opportunities (e.g. infill housing, Empowerment Zones, HUB Zones, etc.).

GOAL 4:

Coordinate Economic Development Efforts

Objective 4.1:

Coordinate and Encourage Key Activities

The community will promote an effective organizational system for economic development that ensures communication, coordination, implementation, and accountability for the strategic plan.

Strategies:

Continue the community-wide coordination of economic development efforts through San Antonio, Inc. established by City Council ordinance in May 2001.

Ensure reporting and accountability of the Strategic Plan and economic partner commitments through

San Antonio, Inc. reporting to a Governing Board, chaired by the Mayor of San Antonio.

Objective 4.2:

Monitor and Communicate

The community will establish performance measures to track and promote results from economic development initiatives and communicate those results to all stakeholders.

Strategies:

Measure, evaluate, and report economic development results.

Conduct a coordinated annual Economic Development Roundtable to address initiatives in the region.

Make adjustments when measures indicate the need for improvements or new strategies.

B. ECONOMIC COORDINATION: SAN ANTONIO, INC. AN ECONOMIC PARTNERSHIP

San Antonio's regional economic development partners, if grouped like a large corporation, would have a total operational budget of more than \$150 million, be staffed by more than 350 employees, and have access to more than 10,000 volunteers. These 84 economic development stakeholders collectively represent the economic leadership of the San Antonio region. Our community should continue to expect greater collaboration among these partners in order to maximize the return on public and private investments in our economic assets.

In order to provide a higher level of coordination and collaboration on economic development strategies, San Antonio, Inc. was established by City Council ordinance in May 2001 with these eighty-four economic development entities serving as partners.

While competing cities use a variety of different organizational structures for coordination, several characteristics were identified for local application. Municipal governments fund most economic development efforts within each community. Also, organizational goals are typically achieved through a cohesive group of public and private sector leaders who concentrate on economic development strategies to produce results without duplicating efforts with limited resources.



San Antonio, Inc. has been organized along lines proven successful in other communities, with some refinements unique to San Antonio. This reflects the early-on decision to define the “Inc.” in San Antonio, Inc. to represent inclusiveness, with each member serving in the capacity of a shareholder seeking a better return on the community’s investment in our people and assets. Through San Antonio, Inc., the community will harness more economic development opportunities through a higher level of collaboration, a common strategic plan, and more efficient use of resources.

The board structure adopted for San Antonio, Inc. provides a three-tiered approach to implementing the Strategic Plan and regional economic development entities.

The **Board of Governors/Leadership Tier** is composed of the board chairs or elected/appointed representatives of institutions performing a critical and large-scale role in accomplishment of the San Antonio, Inc. Strategic Plan for Enhanced Economic Development. The Mayor of San Antonio serves as Chair and provides leadership to set an overall economic agenda for the region. The Board of Governors meets annually to focus on policy direction and review progress on implementation of the Strategic Plan. This leadership group reflects entities with sizable resources and regional influence.

The **Executive Board/Implementation Tier** is composed of operational executive leadership responsible for implementation of the Strategic Plan and representing entities that provide large-scale and significant resources to accomplish the mission of San Antonio, Inc. The Mayor appoints the Chair of the Executive Board and the Board of Directors “business representative” position. The Executive Board provides implementation, develops and coordinates initiatives, and maintains performance measures. Meetings are generally held bi-monthly to coordinate initiatives, provide direction and communicate on economic development issues.

The **Board of Directors/Resource Tier** is composed of organizations representing small business development, community organizations, targeted industries, regional collaborators, and education that provide specialized support for implementation of the Strategic Plan. This tier provides citywide resources to better coordinate initiatives and offers input and feedback to the Executive Board. Members are invited to participate in the bi-monthly Executive Board meetings to provide input and communication on the various economic development initiatives.

The charge of San Antonio, Inc. includes the following:

- Implement the Strategic Plan.
- Monitor, Market and Coordinate the Strategic Plan.
- Regularly communicate the Strategic Plan to the community-at-large.
- Provide an annual status report to the economic development groups, City Council, and other stakeholders.
- Determine priorities and establish performance standards consistent with the Strategic Plan.
- Be held accountable by the Mayor and the City Council.
- The City will permanently staff and manage San Antonio, Inc. through the Economic Development Department.
- Update the Strategic Plan on a regular basis and report directly to the Mayor, City Council, and the Board of Governors.

Since its establishment San Antonio, Inc. has achieved the following results and milestones:

- Lead entities appointed for each strategy and detailed action plans and tracking sheets prepared to outline key strategy components and results. Executive Summary updates released quarterly.
- New strategies on homeland security initiatives, marketing/incentive programs, retention/expansion efforts, BRAC 2005, and marketing San Antonio’s technology assets internationally, which were added during 2003.
- The first annual SA, Inc. Economic Roundtable was held March 14, 2003 with 400 attendees and the first annual Board of Governors meeting was held July 2, 2003.
- First Monday Report, San Antonio, Inc.’s monthly newsletter and staff update, was established September 2002.
- Executive Board meetings are being held on a bi-monthly basis to focus on strategy implementation, legislative initiatives related to the Strategic Plan, the Toyota project, and other emerging issues requiring coordination at an executive level.



GOVERNORS

Mayor, City of San Antonio (CHAIR):

Chair, Alamo Area Council of Governments
Chair, Alamo City Chamber of Commerce
Chair, Alamo Community College District
Chair, Alamo Workforce Development
County Judge, Bexar County
City Manager, City of San Antonio
Director, Economic Development, City of San Antonio
Chair, Economic Development Foundation
Chair, Greater San Antonio Chamber of Commerce
Representative, Private Colleges & Universities
Representative, School Districts
Vice Chancellor, Texas A&M
President, UT Health Science Center San Antonio
President, UT San Antonio

EXECUTIVES

Director, Economic Development, City of San Antonio (CHAIR):

Executive Director, Alamo Area Council of Governments
President, Alamo City Chamber of Commerce
Chancellor, Alamo Community College District
Executive Director, Alamo Workforce Development
Judge's Designee, Bexar County
Mayor's Designee, City of San Antonio
General Manager, City Public Service
Executive Director, Free Trade Alliance
Representative, Governor's Regional Office of Economic Development
President, Greater San Antonio Chamber of Commerce
President, North San Antonio Chamber of Commerce
President, San Antonio Economic Development Foundation
President, San Antonio Hispanic Chamber of Commerce
Executive Director, San Antonio Technology Accelerator Initiative
General Manager, San Antonio Water System
President, San Antonio Women's Chamber of Commerce
President, South San Antonio Chamber of Commerce
Executive Director, UTSA Institute for Economic Development



DIRECTORS

SMALL BUSINESS DEVELOPMENT

- **Presidents of Area Chambers of Commerce:**
 - African American
 - Randolph Metro-Com
 - Taiwanese
 - Westside
- **UT San Antonio**
 - Small Business Development Center
 - SBDC Technology Center
 - Minority Business Development Center
 - Center for Economic Development

COMMUNITY

- **Business Representation:**
 - Chair of City's Small Business Committee
 - Chair of County's Small Business Committee
 - Mayor's Business Representative
- **Representative of COPS/Metro Alliance**
- **Representatives of Neighborhood Coalitions (4)**
- **President, San Antonio Mobility Coalition, Inc.**

TARGETED INDUSTRIES

- **Executive Director, Brooks (City-Base) Development Authority**
- **City of San Antonio:**
 - Director, Aviation Department
 - Director, Convention & Visitors Bureau
 - Director, Community Initiatives Department
 - Director, Cultural Affairs Department
 - Director, Development Services Department
 - Director, International Affairs Department
 - Director, Library Department
 - Director, Planning Department
 - Director, Public Works Department
- **Executive Director, Greater Kelly Development Authority**
- **Executive Director, Medical Center Alliance**
- **President, San Antonio Life Sciences Association**
- **President, San Antonio Manufacturing Association**
- **President, Technology Advocates of San Antonio**
- **President, Texas Research Park Foundation**
- **UT San Antonio:**
 - International Trade Assistance Center
 - Institute of Economic Development

REGIONAL COLLABORATION

- Executive Director, Austin/San Antonio Corridor Council
- General Manager, BexarMet Water District
- General Manager, Edwards Aquifer Authority
- Executive Director, Laredo/San Antonio Corridor Coalition
- Administrator, Metropolitan Planning Organization
- General Manager, San Antonio River Authority
- Commissioner/Counsel General, Trade Commission of Mexico
- President, VIA Metropolitan Transit

EDUCATION

- **Chancellor/President at Private Colleges / Universities:**
 - Incarnate Word University
 - Our Lady of the Lake University
 - St. Mary's University
 - Trinity University
 - Wayland Baptist University
- **Executive Director, Project Quest**
- **Executive Director, San Antonio Education Partnership**
- **Superintendents at Area School Districts:**
 - Alamo Heights Independent School District
 - East Central Independent School District
 - Edgewood Independent School District
 - Fort Sam Houston Independent School District
 - Harlandale Independent School District
 - Judson Independent School District
 - Lackland Independent School District
 - North East Independent School District
 - Northside Independent School District
 - Randolph Field Independent School District
 - San Antonio Independent School District
 - Schertz-Cibolo-Universal City Independent School District
 - Somerset Independent School District
 - Southside Independent School District
 - Southwest Independent School District
- **Texas A&M:**
 - Texas Engineering Extension Service
 - Texas Transportation Institute
 - Texas Engineering Experiment Station
 - Texas A&M Palo Alto



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IV. Industry Development - Key Sectors

A. TARGETED INDUSTRIES

AEROSPACE/AVIATION

With an established presence of major aviation companies such as Boeing, Lockheed-Martin, Pratt & Whitney, and San Antonio Aerospace, Inc., the aerospace/aviation industry is a growing and emerging economic cluster in San Antonio. This industry presents significant opportunities for diversification and continued growth, particularly in the areas of passenger service; air cargo; maintenance, repair, and overhaul (MRO); and general aviation. The development of the "Inland Port San Antonio" concept, with major investments at both San Antonio International Airport (SAIA) and KellyUSA, will expand San Antonio's already well-established assets and capabilities in international trade and commerce. The aerospace/aviation sector has an annual economic impact of \$2.5 billion with 9,500 employees.

BIOTECHNOLOGY

San Antonio's research institutions have a strong array of expertise in basic and applied research in microbiology, nanotechnology, pharmacology, cancer treatment, vaccine production, instrumentation, and specialized medical treatments. Major institutions included in this cluster include: the University of Texas Health Science Center, Southwest Research Institute, the Southwest Foundation for Biomedical Research, the Cancer Therapy and Research Center, Texas Research Park, Brooks Technology and Business Park, the UTSA-Brooks Bioprocessing Center, the U.S. Army Institute of Surgical Research, and numerous other academic institutions and private sector biotechnology enterprises. In addition, the University of Texas – San Antonio

(UTSA) has established new doctoral programs in the biosciences and in 2003 broke ground on a new \$84 million Biotechnology, Sciences, and Engineering Building. San Antonio's biosciences/health care industry employs nearly 100,000 and generates an annual economic impact of \$11.5 billion.

INFORMATION TECHNOLOGY AND SECURITY

San Antonio's information technology and security cluster is comprised of four major producer segments: (1) software and hardware for information and systems security; (2) software engineering; (3) communications; and (4) E-Commerce. San Antonio is a leader in the rapidly emerging field of information security with assets that include: (1) the Defense Department's Center of Excellence for Information Security, the Air Intelligence Agency (AIA) located at Lackland AFB; (2) UTSA's Center for Infrastructure Assurance and Security (CIAS)--a national center of excellence in information technology security; and (3) private sector firms specializing in this area. This cluster is dynamic and will change rapidly as new enterprises are formed, asserting a greater role in the region. The IT sector in San Antonio generates a \$3.4 billion annual impact with more than 9,500 employees.

LOGISTICS/TRANSPORTATION

This cluster includes transportation services, wholesale and third party logistics providers, logistical intermediaries, and transportation infrastructure assets. Development of San Antonio's cluster of logistics and transportation industries holds the key to establishing San Antonio as an Inland Port to fully capitalize on potential trade with Mexico under the North American Free Trade Agreement (NAFTA) by creating an international trade processing center. NAFTA has given San Antonio a competitive



advantage. San Antonio is the nexus of incoming truck traffic from Mexico to the rest of North America and has the opportunity to add value before goods reach their destinations. Seventy-five percent of all goods moving between the U.S. and Mexico flow through San Antonio.

MANUFACTURING

San Antonio is rapidly emerging as a center for automotive and leading-edge technology manufacturing. Toyota will open a Tundra truck manufacturing plant in San Antonio in 2006 with numerous Tier I, Tier II, and Tier III automotive suppliers expected to locate in the region. With Toyota creating 2,000 manufacturing jobs, San Antonio's manufacturing sector is expected to grow significantly over the next few years and become a preferred location for automotive and other leading edge technology manufacturers. In addition to the automotive industry, San Antonio is home to high tech manufacturers of medical instruments, semi-conductors, telecommunications equipment, machine tools, and plastics. The new Advanced Technology Center (ATC) located at KellyUSA and the Manufacturing Technology Academy slated to open in 2004 will help provide a well-trained workforce for these new and emerging industries.

TELECOMMUNICATIONS

San Antonio's telecommunications cluster is comprised of seven distinct producer segments for services and equipment. These include: corporate headquarters, call centers, product development, system integration, communications semiconductors, satellite linkages, and bandwidth and telecommunications equipment. The corporate headquarters of SBC (Southwestern Bell Corporation) and a number of large business service centers dominate this cluster. San Antonio has attracted several customer service centers due to its advanced telecommunications network, competitive labor and real estate costs, as well as its significant bilingual workforce. In addition, the focus is on encouraging innovations in technology for both telecommunications services and equipment that will lead to the attraction, formation, and retention of new enterprises. The recruitment of telecommunications research and development activities is also essential to high performance growth.

VISITOR-RELATED BUSINESS

In 2002, nearly 20 million visitors came to San Antonio. Attractions such as the Paseo del Rio (Riverwalk), the Alamo, La Villita (little old San Antonio), El Mercado (the Market Place), SeaWorld of San Antonio, and Fiesta Texas (a Six Flags theme park) keep San Antonio on the list of most requested

tourist destinations in the United States. This sector will continue to be a strong economic generator for the community, and as such, will remain a key element of any future economic development efforts. The City will continue to leverage tourism to help promote growth in the targeted industries.

B. HOMELAND SECURITY AND MILITARY INITIATIVES

The events of September 11, 2001 and the subsequent wars in Afghanistan and Iraq signify the continuing importance of the military sector in San Antonio and the emergence of San Antonio as a leader in the growing homeland security sector. San Antonio has the resources and assets to play a major role in this emerging sector, which draws from San Antonio's existing strengths: information security, telecommunications, logistics, bio-medical, aerospace, and aviation.

San Antonio has established several significant niches in this rapidly growing sector, including a highly developed computer information security industry and several private sector software firms that are bringing these technologies to the commercial software and hardware markets. San Antonio also has significant strengths and assets in the area of biotechnology and biomedicine that can be applied to homeland security issues. For example, UTSA recently secured funding from Congress to establish a Center of Excellence in Bio-Technology and Bio-Processing Education and Research at Brooks City-Base--a collaborative research and training opportunity contributing to our nation's Homeland Security needs.

The military represents a principal component of the City's economy providing an annual \$4.8 billion impact. There are three active military installations located in Bexar County, including Lackland Air Force Base (AFB), Fort Sam Houston, and Randolph AFB. In July 2002, Brooks Air Force Base ("Brooks AFB") was transferred from the U. S. Air Force to the Brooks Development Authority and is now called Brooks City-Base. Also in July 2001, the former Kelly AFB (now called KellyUSA) was closed and the property was transferred to the Greater Kelly Development Authority (GKDA) for redevelopment. The total defense industry employment associated with these five installations approximates 73,000 military, civilian, and guard/reserve part-time personnel with an annual aggregate payroll of \$2.9 billion.

Current economic development initiatives related to



homeland security and the defense industry include:

BRAC 2005/Military Missions Task Force

The San Antonio Military Missions Task Force (City of San Antonio, Bexar County, Greater Chamber, and community/business leaders) has been established to prepare a community strategy for the upcoming round of BRAC 2005. A strategic plan to retain existing military missions and jobs and attract new military missions to San Antonio has been completed and presented to the Task Force. In 2003, the headquarters for US Army South relocated to San Antonio at Ft. Sam Houston from Puerto Rico bringing 500 direct jobs.

Southwest Enterprise for Regional Preparedness (SERP)

SERP is a program seed-funded by the City of San Antonio to identify and develop projects, programs, ventures and community initiatives related to homeland security. SERP will be implemented through the SATAI Network to establish an organization structure that leverages San Antonio's assets and capabilities in the area of homeland security. The primary goal of SERP will be to identify and support homeland security partnerships (public/private) that are market-driven, sustainable, and demonstrate commercial value.

Center for Infrastructure Assurance & Security (CIAS)

In February 2002, the National Security Agency designated the University of Texas at San Antonio (UTSA) as a national center for academic excellence in infrastructure assurance and security education. UTSA is the first university in Texas to receive this designation. CIAS is a creative partnership with the private sector, the Air Intelligence Agency, and academia all working together to produce new collaborative research projects in the areas of wireless technologies, biometrics, intrusion of databases, and methods needed to communicate security alerts and notifications between local, state, and federal agencies, and regional critical infrastructures. CIAS recently conducted a "Dark Screen" exercise to test cyber vulnerabilities in San Antonio's public critical infrastructures. This exercise has now become a model for major communities in the U.S. to develop a frontline in protecting public and private sector computer networks.

Department of Homeland Security Integration

A public/private consortium consisting of Brooks City-Base, Karta Technologies Inc., and San Antonio's academic institutions is seeking Congressional seed funding to develop a program to facilitate integration of the federal departments and agencies into the

Department of Homeland Security. This project is designed to identify the education and training needs necessary to effectively and efficiently integrate the 180,000 employees within 22 government entities, 8 departments, and 2 agencies into a cohesive operational environment.

South Texas Border and Transportation Security Initiative

The Texas Research Park leads a consortium of stakeholders including San Antonio TransGuide, City of San Antonio, Southwest Research Institute, UTSA, and other private sector participants seeking Congressional approval to deploy a regional high-speed security communication network leveraging the existing TransGuide infrastructure. The proposed 600 mile-plus secure communication loop and control center will provide a platform to monitor nuclear, biological, chemical, and hostile personnel intrusions; coordinate emergency response activities; expedite secure cargo transportation; facilitate telemedicine and community health applications; and provide distance education.

Southwest Research Institute/ Homeland Security Institute

San Antonio's Southwest Research Institute is leading a coalition of local and regional education and research entities that will bid for the Homeland Security Institute that the 2002 Homeland Security Act has charged the Homeland Security Department with creating. The Institute will be a think tank that will perform risk analyses, simulations of threat scenarios, analyses of possible countermeasures, and plans for counter-terrorism technology development.

The defense and homeland security industries are highly dynamic with the potential for additional new areas of collaboration. San Antonio's history as "Military City USA", our existing technological and research assets, our strategic location, and the strong military-public sector private-sector partnerships that exists in our community will help ensure that San Antonio continues to play a strong leadership role in these new endeavors.

C. SAN ANTONIO TECHNOLOGY ACCELERATOR INITIATIVE (SATAI)

Leading regions around the world have well-established research and development institutions whose discoveries are often the seeds for new industries, such as biosciences or information technology. When these institutions grow and link to the economy they accelerate regional growth. San



Antonio's strategy for improving access to technology recognizes that, although its research and education institutions have strong competencies in their primary fields of scientific or technical activity, they are not always adequately organized to foster new enterprises or help expand existing enterprises. The City of San Antonio and the institutions realize that these constraints must be overcome. A community-wide effort is underway that will make investments to help create an environment more supportive of the rapid formation of technology-based businesses.

Through the leadership of the City of San Antonio, the SATAI effort has been established to encourage growth in targeted industries. As a result of the collaborative efforts of community industry stakeholders, SATAI has identified opportunities for economic development in four emerging clusters--bioscience, information technology, telecommunications, and aviation. The primary focus of SATAI is to leverage the technology assets in the form of intellectual capital, research institutions, entrepreneurs, service providers, and investment capital to help grow and expand San Antonio's technology-based driver industries. SATAI manages four programs to accomplish this mission:

The Enterprise Services program provides entrepreneurs developing technology-based ventures with direct hands-on technical assistance in achieving their business objectives.

The Capital Network focuses on developing capital resources for San Antonio's emerging technology sectors to address the unmet demand for startup and early stage capital for San Antonio technology-based ventures. The organization's membership consists of local investors, bankers, and business service providers who specialize in serving the technology sector. The network meets to share information on recent investments, ventures seeking investment, and to learn about the local, state and national equity investment environment.

The Network Services program coordinates and facilitates communication and interaction among the city's investors, service providers and entrepreneurial organizations.

The Special Projects program provides assistance to the City, academic institutions, government, and development authority in pursuing San Antonio initiatives designed to advance technology-related economic development opportunities. These projects and initiatives often require legislative efforts at the state or federal level.

SATAI also coordinates the Southwest Enterprise for Regional Preparedness (SERP) and its various homeland security initiatives, as outlined in the previous section.



5

V. Strategic Economic Development Initiatives

A. EDUCATION AND WORKFORCE DEVELOPMENT

According to recent surveys of American corporations, a trained and ready workforce is one of the most essential assets a community can offer to expanding or relocating businesses. Increasingly, these workers must have significant skills and education in order to meet the needs of employers in aerospace, biomedical research, or other locally targeted industries. A recent study by the Institute for Economic Development at the University of Texas at San Antonio reported that “availability of skilled labor” was the most important factor in site location, even more important than labor costs.

Recognizing the critical link between education and good paying jobs, the community must be committed to creating and promoting advanced education and training standards that will produce workers who meet the needs of growth industries. Not only does the availability of skilled labor attract new investment, but ensures that local residents qualified for newly created jobs will raise the income level for existing residents.

Education Initiatives

1) Specialized Training for Targeted Industries

Alamo Area Aerospace Academy

The Alamo Area Aerospace Academy exemplifies San Antonio’s proactive strategy to help meet the skill requirements of growing industries. Responding to the workforce shortages of San Antonio’s commercial aviation cluster, industry stakeholders have collaborated with the City, Alamo Community College District (ACCD), local school districts, and

other community leaders to establish an Aerospace Academy that opened in 2001. This career-training program provides aviation industry training to more than 150 high school students at one of two locations—KellyUSA and at the San Antonio International Airport. Students receive paid summer internships with private industry and graduate with both a high school diploma and college credits towards the FAA Airframes Structures Certificate.

Information Technology & Security Academy (ITSA)

In order to provide skilled workers for San Antonio’s growing information technology and security sector, the Information Technology & Security Academy was established in 2002 with more than 90 high school students. Patterned after the AAAA, funding to grow and sustain a quality workforce for the information technology and security industry is provided by ACCD, the City of San Antonio, and participating school districts. Internships for eligible students are provided by the local information technology security industry.

Manufacturing Technology Academy

A Manufacturing Technology Academy will open in the Fall of 2004 to provide advanced manufacturing process training for local manufacturers, including Toyota and its suppliers. The Academy will provide training for current employees, potential employees, and high school students and is the result of a collaborative effort involving Alamo Community College District (ACCD), the San Antonio Manufacturers Association, Alamo Workforce Development, the City of San Antonio, and local school districts.



Advanced Technology Center (ATC)

Opened in 2003, the purpose of the Advanced Technology Center is to provide a world-class advanced technology training environment in San Antonio with the capacity to support local economic development and to train new and existing high technology workers for targeted industries. The Center, located at KellyUSA, connects the training resources of the four colleges of the ACCD system and partnering school districts to provide customized training in new and emerging technologies including aerospace, avionics, automated manufacturing, computer information security, and e-commerce. ACCD received over \$3 million in funding from the City to establish the Center.

UTSA/KellyUSA Material Sciences and Engineering Sustainment Laboratory (KSESL)

Through the joint efforts of the University of Texas at San Antonio (UTSA) and KellyUSA a Materials Science and Engineering Sustainment Laboratory (KSESL) is being established through renovation of an existing KellyUSA building. The lab will serve as the core of KellyUSA's Center of Excellence for transportation maintenance, repair, and overhaul (MRO). The lab will integrate engineering, science, and business expertise to provide world-class educational programs to develop pathways for students to participate in rewarding careers in the engineering and transportation industry. The KSESL will partner with the Texas Material Institute, the Texas Engineering Experimental station, the Kelly USA tenants, San Antonio technology based companies, and Toyota to establish industry standards for Transportation MRO. The KSESL will support a variety of homeland security, transportation, and automotive industry applications.

Center of Excellence in Bio-Technology and Bio-Processing

The University of Texas at San Antonio (UTSA), with funding from Congress, has established a Center of Excellence in Bio-Technology and Bio-Processing Education and Research at Brooks City-Base, a collaborative research and training opportunity contributing to our nation's homeland security needs.

2) Public Education Initiatives

Science, Technology, Engineering & Mathematics (STEM) Literacy

A higher education initiative spearheaded by staff at UTSA, seeks to promote the teaching of science, technology, engineering and math (STEM) literacy as the new set of basic skills in a high-tech economy in S.A. This is accomplished by incorporating examples and material from employers in Pre-K through 12 curricula, through study groups, internships, exchanges and mentoring opportunities between teaching professionals and other workforce professionals.

Character Education and Workplace Personnel and Management Skills (EEC)

The purpose of the Employer Education Council is to foster partnerships between educators and employers to ensure students graduate with the skills needed to be successful in the workplace. Area employers meet monthly and are joined by superintendents from the 16 school districts in Bexar County to discuss common concerns. Projects include a character education initiative that occurs both on all area high school campuses, and at the worksites of participating employers. The group is working to address management and personal skills development.

San Antonio Education Partnership

The primary focus of the San Antonio Education Partnership is to promote excellence in academics, high attendance, and school retention by offering incentives helping students attain their post-secondary education dreams. Students who meet the standards as prescribed by the Project are eligible to receive scholarships to pursue post-secondary studies in San Antonio. Since 1989, the Education Partnership has awarded \$3 million to almost 3,000 students attending the following institutions of higher education.

3) Colleges and Universities

The University of Texas at San Antonio (UTSA)

With over 24,000 students, UTSA is one of the state's fastest growing universities and was recently named by the University of Texas Board of Regents as a likely candidate to become the system's next flagship university. UTSA is a comprehensive public university



with 52 bachelor's, 35 master's, and 10 doctoral degree programs. Ten new degree programs were approved in 2003.

University of Texas Health Science Center at San Antonio (UTHSCSA)

The UTHSCSA is the major center for bioscience education and research in South Texas. Located in the heart of the South Texas Medical Center in San Antonio, the university offers more than 40 different degrees and certificates in health-related fields. The Center is among the nation's leading schools in graduating primary care providers and its dental school has been ranked number one in the nation several times according to peer surveys published in *U.S. News and World Report*.

Texas A&M University - San Antonio

Legislation passed during the 2003 Session of the Texas Legislature authorizes establishment of a Texas A&M University System freestanding campus on the South Side of San Antonio as soon as enrollment at the current Texas A&M University Kingsville - Palo Alto campus reaches 2,500 students. San Antonio will soon be the only major metropolitan area in the state with freestanding campuses representing both the University of Texas and Texas A&M University Systems.

Alamo Community College District (ACCD)

ACCD serves San Antonio and Bexar County by helping students succeed in acquiring the knowledge and skills needed in today's world. The four colleges - San Antonio, St. Philip's, Palo Alto and Northwest Vista - offer associate degrees, certificates and licenses in occupational programs that prepare students for jobs, as well as arts and science courses that transfer to four-year colleges and universities and lead to AA and AS degrees. ACCD serves almost 40,000 students and is among the largest community college systems in the nation. An additional 18,000 students enroll in continuing education programs.

Our Lady of the Lake University

Our Lady of the Lake University is an independent, Catholic, co-educational liberal arts institution with 3,600 students. OLLU offers 59 areas of undergraduate study and 39 areas of study at the master's and doctoral levels. OLLU was the first university in Texas to offer a weekend college and a Ph.D. in leadership studies.

St. Mary's University

St. Mary's University, with an enrollment of more than 4,200, is the oldest and largest Catholic university in Texas and the Southwest. *U.S. News & World Report*, *Hispanic Magazine*, *Kaplan/Newsweek College Guide*, and the Templeton Foundation

rank St. Mary's as one of the best universities in its region.

Trinity University

Trinity University is a nationally recognized liberal arts and sciences institution nationally ranked among the top colleges in the nation by *U.S. News & World Report*. The university's 2,500 students come from 46 states, the District of Columbia, and 17 countries. Academic programs include 36 undergraduate majors.

University of the Incarnate Word (UIW)

UIW is a dynamic, private Catholic liberal arts institution with more than 45 undergraduate programs and 15 master's and doctoral degree programs. The small size of the university allows for a high level of interaction between faculty and students.

Wayland Baptist University

Established in 1984, the San Antonio Campus is the largest of Wayland's external degree program sites. The non-traditional undergraduate degree programs and traditional masters degree programs offered by Wayland are designed to provide working adults in San Antonio an opportunity to complete their college education while still attending to church, family and jobs.

Workforce Development Initiatives

Alamo Workforce Development

Alamo Workforce Development (AWD) serves as the leadership and governing body for the regional workforce development system. The mission of AWD is to ensure that the workforce system and human development services it provides make the region's employers and residents more competitive in the global economy. AWD's responsibilities include strategic planning, labor market analysis, administration of state and federal funded workforce programs, and program evaluation. AWD's Business Services Group provides a broad array of services and resources specifically designed to help employers meet their hiring and development needs.

Project Quest

Originated by COPS/METRO Alliance, this nationally recognized public/private model training program provides participants with high-skill educational training required for long-term employment and living wage incomes. The program identifies demand employment occupations in a specific industry and provides customized training to participants to meet industry needs.



B. INFRASTRUCTURE AND RESOURCES

Quality physical infrastructure, including modern business parks, transportation networks, water, energy, and telecommunications services are essential to the attraction and retention of targeted industries. San Antonio's physical infrastructure offers numerous competitive advantages to existing and potential businesses.

Business Parks and Research Centers

San Antonio is home to several major business parks, technology parks, and research centers with state-of-the-art facilities and a high level of inter-agency collaboration to create jobs and grow new technologies.

KellyUSA

At KellyUSA, a former U.S. Air Force Base, the Greater Kelly Development Authority (GKDA) is transforming the base into an international, multi-modal use airport and rail-served industrial business park. As of July 2003, 86% of marketable 8.9M sq. ft. have been leased, with 71 commercial companies and Air Force agencies employing over 12,600 people, earning an average salary of \$38,000 and over 22,200 direct/indirect jobs, providing a total economic impact of \$2.5 billion per year. Major commercial employers at KellyUSA include Boeing, Lockheed Martin, General Electric, Pratt & Whitney, Chromalloy, and EG&G. With 90% of the marketable 12 million square feet leased, GKDA is now focused on development of new Class A facilities leveraging public and private investment to create more jobs for San Antonio.

GKDA began KellyUSA's Phase II development that will accommodate the development of 16 projects for market-driven facilities over the next three years. This growth is projected to increase the economic impact on San Antonio to over \$4.3 billion with more than \$32 million in annual tax revenues. GKDA is expecting Phase II projects to generate over \$340million in investment capital by leveraging City, state, federal and GKDA funding. Phase II includes several key infrastructure projects that will produce development of twelve facility projects that allow KellyUSA to respond to market demand opportunities. These sixteen projects are expected to create employment for an additional 6,400 employees at KellyUSA.

The Development Authority has begun Phase III's research and study market needs for the proposed port facility with air cargo and rail capabilities. It has placed a high priority on small and minority

business growth at KellyUSA. Efforts to obtain citizen and neighborhood input on Kelly's redevelopment continue through various presentation and events.

Brooks City-Base/Brooks Technology & Business Park

Following years of partnering and planning between the City and the Air Force, the Brooks Development Authority (BDA) assumed ownership of the land and facilities at Brooks Air Force Base in July 2002 and established Brooks City-Base. The focus of this collaborative effort is to: (1) retain the Air Force missions and jobs; (2) enhance the military value of the Air Force missions; (3) reduce support operating costs for the Air Force; and (4) promote economic development on City-Base and in the surrounding community. The BDA is leveraging City business incentives and existing Air Force assets to carry out an integrated strategy for transforming City-Base into a premier Technology and Business Park. Following are some of the milestones, accomplishments and projects underway at Brooks City-Base:

- The City is now providing municipal services to Brooks Technology & Business Park. The base's infrastructure for electric, gas, and water utilities have been transferred by the BDA to the City-owned utilities, CPS and SAWS, respectively.
- The City, in partnership with Bexar County, is planning to invest \$25 million to create an Emergency Operations Center and Emergency Preparedness Institute at Brooks City-Base.
- The Metropolitan Health Department will relocate its Bio-Safety Level III laboratory to Brooks City-Base in early 2004 and will share laboratory space in partnership with the Air Force.
- In August 2003, UTSA opened a Center of Excellence in Biotechnology and Bio-processing Education and Research in partnership with the Air Force.
- The BDA is planning to construct a new administrative facility in 2004 that will be occupied by the Air Force and contractor personnel.

Texas Research Park

The mission of the Texas Research Park is to develop a world-class center of bioscience research and medical education while creating jobs. Opened in 1990, the 1,235-acre Texas Research Park is home to three major University of Texas research centers, the Cancer Therapy and Research Center's Institute for Drug Development, commercial laboratory facilities, residences, and adjoining amenities. Texas Research



Park has become a nationally recognized bioscience research center, attracting top scientists from all over the world. Companies successfully incubated via the Texas Research Foundation's support include ILEX Oncology, Inc., Osteobiologics, Cardiovascular Advances, Inc., and BioMedical Enterprises, Inc. In 2004, the Texas Research Park will be embarking on implementing two new initiatives that will establish nonprofit entities focused on leveraging human performance assets in the community and working with military installations to create value from available assets.

Southwest Research Institute (SwRI)

Southwest Research Institute is a multi-disciplinary, independent, non-profit, applied engineering and physical sciences research and development organization with 11 technical divisions. It is the second largest independent R&D organization in the United States. SwRI occupies 1,200 acres in suburban San Antonio. Approximately 2,800 employees work in more than 2 million square feet of laboratories, offices, and workshops. Supported by a non-profit foundation, net income is applied to institute-sponsored research, advanced scientific equipment, and new facilities. SwRI conducts R&D projects for an even mix of private industries and government agencies. Industrial clients range from small manufacturers to blue chip corporations, in the U.S. and abroad. Research areas include: applied physics; automation, robotics, and intelligent systems; avionics and support systems; ballistics and support systems; bioengineering; chemistry; emissions research; engine mechanics; environmental and health sciences; fire technology; fluid systems and machinery dynamics; fracture mechanics; fuels and lubricants; space science and engineering; marine technology; materials sciences; nondestructive evaluation; nuclear safety and waste disposal; pipeline technology; and training, simulation, and performance technology.

Southwest Foundation for Biomedical Research

The Southwest Foundation for Biomedical Research was founded in 1941 as a nonprofit scientific institution. Although the trust indenture provided for activities in almost any field of research, its trustees adopted the policy that the institution would devote itself exclusively to basic biomedical research. The Foundation has a full time staff of 65 with doctoral degrees, a technical staff of 102, and an administrative and supporting staff of 165 persons. Research departments include Departments of Genetics, Physiology and Medicine, Virology and Immunology, and Organic and Biological Chemistry. A Department of Comparative Medicine maintains the animal care facilities.

University of Texas Health Science Center at San Antonio (UTHSCSA)

In addition to providing medical education, the UTHSCSA is a leading research and treatment center for diseases that have a high rate of incidence in South Texas, including diabetes and heart conditions. Current research programs/institutes include: The UTHSCSA Institute for Integrative Biology, the UTHSCSA Aging Research Program, the UTHSCSA Children's Cancer Research Center, the UTHSCSA Molecular Therapeutics/Chemical Biology Program, the UTHSCSA Research Imaging Center, UTHSCSA Center for Biomedical Neuroscience, research programs in diabetes and prostate cancer, and a planned UTHSCSA Sports Sciences Institute.

AVIATION FACILITIES AND STRATEGIC PLAN

San Antonio's Aviation Industry Strategic Plan, completed in 2000, presents an overall development strategy focused on leveraging the City's three aviation facilities at San Antonio International Airport, KellyUSA and Stinson Municipal Airport to maximize opportunities in the four major business sectors of air passenger service; air cargo; general aviation, and maintenance, repair and overhaul (MRO).

Air Passenger Service/San Antonio International Airport

San Antonio International Airport (SAT) offers a comprehensive air passenger service network focused on expanding service to Mexico and domestic markets. In 2002, the Airport received the "Outstanding Airport Award" for 2001 from the Southwest Region of the Federal Aviation Administration. As of August 2003, San Antonio had nonstop flights to 30 destinations, with the recent additions of nonstop service to Cleveland, Guadalajara, Mexico, and nonstop charter service to Cozumel and Cancun, Mexico. A \$426 million Capital Improvements Program (CIP) is being implemented, including access roadway expansions, terminal renovations, concessions redevelopment, airfield expansion, noise abatement improvements and additional parking.

Air Cargo Services

A separate Air Cargo Study was completed in June 2002 that provides specific strategic plans for San Antonio International Airport (SAT) and KellyUSA. These plans are guiding the efforts of the City's Aviation Department in expanding air cargo operations at SAT and of the Greater Kelly Development Authority (GKDA) in establishing air cargo operations at KellyUSA. Both KellyUSA and the City's Aviation Department participate jointly in the annual *Air Cargo Americas Exhibition and*



Congress.

Maintenance Repair and Overhaul (MRO)

The MRO sector has been a steady and growing employer as efforts continue to establish San Antonio as an International Center of Excellence for Aircraft MRO. Key industry players such as Boeing, General Electric, Lockheed Martin, Pratt & Whitney, Chromalloy, and Standard Aero operate at KellyUSA providing over 4,000 jobs. At San Antonio International Airport, San Antonio Aerospace, AeroSky and M7 perform major MRO operations for domestic and international carriers. In the area of aerospace research and development, three initiatives are underway: (1) a Material Science and Engineering Sustainment Laboratory at KellyUSA; (2) an Academic Center for Aging Aircraft at Brooks City-Base; and (3) a Development and Certification Program for the SJ30-2 Business Jet at Sino Swearingen.

General Aviation

Stinson Municipal Airport, the City's primary general aviation facility, continues to grow. The Texas Department of Transportation Aviation Division named Stinson the "2003 Reliever Airport of the Year." Since 1998, flight operations at Stinson have increased 143% with another 100% increase in the number of based aircraft. City Council approved a new Master Plan for Stinson in October 2002. Plans are underway to complete a new facility by December 2004 to house additional administrative offices, classrooms and conference facilities. At San Antonio International Airport, key industry players such as Cessna and Raytheon, operate general aviation maintenance activities.

Surface Transportation

Mobility and accessibility are absolutely crucial to the operations of businesses, government entities, military installations and educational institutions. Access to a reliable transportation network is an essential component for ensuring trade with Mexico. San Antonio's goal is to maintain and enhance highway connectivity from South Texas to Austin and other major cities in Texas.

Highway Network Enhancements

The Texas Department of Transportation (TxDOT) continues to pursue system enhancements to the local and regional highway network. Some of the planned and ongoing improvements in the San Antonio area include:

- Major improvement projects on Loop 1604, Loop 410, IH 10, SH 151, US 281 and IH 35 are either underway or have been recently completed.

- Construction of a new interchange is underway at Loop 410/US 281 near the San Antonio International Airport and significant upgrades to the interchange at IH 10/Loop 410 in northwest San Antonio are ongoing.
- The fourth section of the Wurzbach Parkway, between NW Military Highway and Blanco Road, was recently opened to traffic, as work continues to complete a third east-west artery across north San Antonio.
- The heavily traveled section of IH 35 between San Antonio and Austin is being expanded to include much needed additional capacity. While the construction for the initial phase of SH 130 will provide even more capacity between the Austin and San Antonio areas by the end of the decade.
- TxDOT authorized \$67 million to implement a state-of-the-art, computerized highway information system known as Transguide.
- A Regional Mobility Authority (RMA) and a Commuter Rail District have been formed to explore future toll road and commuter rail options.

San Antonio Mobility Coalition, Inc

The San Antonio Mobility Coalition, Inc. (SAMCo) is a nonprofit corporation organized in December 2001, as the successor group of the San Antonio Transportation Alliance (SATA). Funded by both public and private entities, SAMCo members include Bexar County, City of San Antonio, VIA Metropolitan Transit, major corporations that are headquartered in San Antonio, local chambers of commerce, transportation construction companies and suppliers, real estate developers, consulting engineers and other interested organizations. The purpose of SAMCo is to identify and advocate solutions to transportation in the San Antonio metropolitan area.

Rail Services and Access to Seaports

San Antonio is strategically located in the southern-center of the United States, and its proximity to all of Mexico makes it a well-positioned transshipment point and an international trade distribution hub. San Antonio is a crossroads for several major railroads including the Union Pacific Railroad and Burlington-Northern Railroad from cities throughout the U.S. and cities along the U.S.-Mexico border. Through the use of the extensive interstate highway and rail networks serving San Antonio, virtually any seaport in the United States and Mexico can be accessed via San Antonio. Ports in cities such as Corpus Christi,



Houston, New Orleans, Long Beach, and Seattle can help shipments from San Antonio reach any destination in the world.

Water Supply And Quality

Ensuring the City's future water supply is vital to economic development. Neither industry nor communities can grow if their sources of water are not secure. San Antonio has focused on developing and protecting the region's supply of water for the future.

San Antonio Water System

Water use is expected to nearly double by the year 2050. As a result, the San Antonio Water System (SAWS) is securing new water supplies to add to its current Edwards Aquifer water rights. In October 2000, City Council approved a Water Supply Fee that will fund water development projects to meet San Antonio's long-term water needs. SAWS is currently completing an 11-billion gallon citywide water recycling system and the city's first water storage and water treatment facility.

BexarMet Water District

The Bexar Metropolitan Water District (BexarMet) serves more than 70,000 commercial and residential accounts in Bexar, Medina, Comal, and Atascosa Counties. Bexar Met leads the entire Edwards Aquifer region in alternative water resource production, through the development of mutually beneficial ground and surface water contracts in Bexar and surrounding counties.

Edwards Aquifer Recharge Zone

On May 6, 2000, San Antonio voters approved Proposition 3, authorizing the use of a one-eighth cent sales tax to acquire 10,000 acres of environmentally sensitive land over the Edwards Aquifer Recharge Zone and to create linear parks along the Leon and Salado Creeks. Land acquisition includes sensitive zones with unique plant and animal habitat, as well as geological features vital to the region's underground water supply. Approximately 20,000 acres over the recharge zone are being acquired or are planned for future parks and preservation areas, protecting the San Antonio region's water sources.

Gas & Electric Supply

Planning and developing future power sources for the South Texas region has become a crucial factor because regions with imbalances in energy supply, price, and quality are facing the potential loss of industry and difficulty attracting companies. The city's stakeholders have taken steps to ensure that the San Antonio region's energy supply meets the demands and infrastructure requirements of a new

economy.

City Public Service

The vision of City Public Service (CPS) is to be the "best publicly-owned energy company in the U.S.A." Focused on exceptional service, CPS produces and delivers competitive energy products and services to meet the changing expectations of its customers. Founded in 1860, CPS is the oldest energy company in Texas. Purchased by the City of San Antonio in 1942, CPS is the second largest municipally owned electric utility in the nation, and the largest combination utility in the US, serving more than 600,000 electric customers and approximately 310,000 natural gas customers in the San Antonio metropolitan area.

On April 26, 2001, the San Antonio City Council voted not to "Opt-In" to electric open-market competition in San Antonio and expressed their intent to allow City Public Service to continue to own and operate the gas and electric systems. However, City Council could decide, in collaboration with the CPS' Board, whether or not to opt-in at some future date. According to Texas law, CPS is not in retail competition. But this has not kept CPS from becoming competitive with its state and national peers. For example, the annual average electric rates for CPS industrial users are the lowest of the major Texas cities and among the lowest in the nation. Likewise, natural gas rates are below the national average and competitive when compared to other utilities across the state.

Renewable Energy Resources

Renewable energy plays an important role in the current energy mix and will increasingly continue to do so in the future. Currently through a long-term contract with American Electric Power (AEP), City Public Service is receiving 160.5 megawatts of wind power from the Desert Sky Wind Farm located in West Texas. The Desert Sky facility, one of the world's largest, consists of 107 wind turbines which add enough capacity to the Texas energy grid to supply approximately 40,000 homes. This amount of wind power has the potential of satisfying 4.06% of customer demand, making CPS a state leader in the percentage of renewable energy in its generation mix. The cost of generating wind power has declined over the past several years due to advancements in wind turbine technology. This value has been passed on to CPS customers through its renewable energy offering, Windtricity, which is available to all retail customers.

In addition to Windtricity, CPS is actively involved in many other renewable energy technologies and



sustainable practices. Future goals for CPS include striving to at least double CPS' current renewable energy capacity in the next 10 years and meeting 10 percent of CPS' demand with renewable energy by 2015.

Telecommunications

The new economy demands increased attention to yet another aspect of infrastructure—communications. High-speed and broadband services are becoming a fundamental requirement for almost all businesses. These services are equally important for both internet-based companies and those learning to use the Internet to enhance their traditional business and supply chain management. In addition, San Antonio plays a major role in Information Security and is continually preparing to meet the challenge of evolving worldwide technological developments. Recent initiatives include:

San Antonio Technology Accelerator Initiative (SATAI)

SATAI aids in the collaboration, cultivation, and support of activities that expand San Antonio's technology industry, employment, and economy centered on telecommunications, media technology, and the internet. It fosters an applied based interdisciplinary industry, entrepreneurial, and research environment focused on new and expanding frontiers such as the Internet, Wireless Media, Broadband, Digital and Optical Signal Processing, Satellite and Lightwave Communication Systems, and other existing and emerging technologies. To capitalize on these opportunities in San Antonio SATAI partners with industry, research, and government entities to advance knowledge and develop technologies that foster and benefit from the convergence of telecommunications with computing, content, and information technology.

South Texas Border and Transportation Security Initiative

The Texas Research Park leads a consortium of stakeholders seeking Congressional approval to deploy a regional high-speed security communication network leveraging the existing TransGuide infrastructure. The proposed 600 mile-plus secure communication loop and control center will provide a platform to monitor nuclear, biological, chemical, and hostile personnel intrusions; coordinate emergency response activities; expedite secure cargo transportation; facilitate telemedicine and community health applications; and distance education.

Center for Infrastructure Assurance and Security

(CIAS)

The University of Texas at San Antonio received a \$2.5 million grant from the federal government for the Center for Infrastructure Assurance and Security (CIAS). CIAS is designed to leverage San Antonio's infrastructure and assurance strengths (IAS) as part of the solution to the nation's homeland defense needs and deficit of IAS talent and resources. The center's initial research will focus on state/regional infrastructure protection issues working in collaboration with state agencies. Intentions are to develop lab facilities at the UTSA's 1604 Campus and the Air Intelligence Agency at Lackland AFB.

Air Intelligence Agency (AIA)

Air Intelligence Agency, with headquarters at Lackland Air Force Base, Texas, was activated Oct. 1, 1993. On Feb. 1, 2001, AIA was realigned under Air Combat Command and Eighth Air Force and serves as their primary information operations force provider normalizing and synchronizing IO capabilities into the warfighter's arsenal. Air Intelligence Agency's mission is to gain, exploit, defend and attack information to ensure superiority in the air, space and information domains. The agency's people worldwide deliver flexible collection, tailored air and space intelligence, weapons monitoring and information warfare products and services.

Public Safety

The City continues to strengthen its overall public safety infrastructure by allocating funding and resources for Fire, Emergency Medical Service (EMS), and Police to service the needs of all citizens.

San Antonio Fire Department (SAFD)

The SAFD serves an area of 430 square miles with a population of 1.2 million. At present, there are 49 fire stations housing 78 fire units, 25 full time EMS ambulances, 13 squad units, 21 District Chiefs, and about 1,400 firefighters and paramedics. As a result of continued efforts to improve and add services, the Department has earned an Insurance Services Office (ISO) rating of 3 (1 being the highest on a 10-point scale).

San Antonio Police Department (SAPD)

The SAPD's mission is to provide quality community-oriented services, while building problem-solving partnerships with citizens to prevent crimes, reduce fear, and enhance the quality of life throughout the community, always treating people with dignity, fairness, and respect. The Department has undergone a strenuous examination process, which resulted in the SAPD being accepted as an International Accredited Police Department by the Commission on Accreditation for Law Enforcement



Agencies (CALEA). The Department is also an Internationally Accredited Law Enforcement Agency winner of the National League of Cities "Excellence in Community Policing Award." The central core of SAPD's community policing activities is the San Antonio Fear-Free Environment (SAFFE) Unit. First established in 1994 with 60 officers and supervisors, then enlarged in 1996 with an additional 40 officers, the SAFFE Unit consists of officers whose focus centers on identifying, evaluating, and resolving community crime problems with the cooperation and participation of community residents.

C. BUSINESS CLIMATE, INCENTIVES & ACCESS TO CAPITAL

The business climate is vital to the retention, expansion, and attraction of companies. This includes the quality with which regulatory processes are managed, including their complexity, consistency, and rationality. Business climate also includes tax levels, including the 'return on taxation', or what companies receive in exchange for their per capita taxes paid. Finally, business climate is about administrative access--do government authorities listen to businesses, is government customer-oriented and responsive, just like any other competitive business? These factors of business climate development are areas of continuous improvement in any city. San Antonio has made progress and continues to seek new ways to discover and make improvements in the way City officials address and serve the business community.

Business climate also includes access to capital and incentive programs for targeted businesses and industries. High performance economic regions typically have a broad array of financing institutions and instruments available and capitalize on the formation, expansion, and attraction of business enterprises. A dynamic economy must have sources of seed and venture capital to enable technology-based start-ups and capital for business expansions. Moreover, a variety of innovative credit programs are sometimes needed to enable citizens in distressed communities to overcome financial obstacles. Recognizing these needs, the City and its stakeholders have embraced several new opportunities to secure and target financing for San Antonio's economy where it is needed most.

CITY OF SAN ANTONIO ECONOMIC DEVELOPMENT PROGRAMS

The City of San Antonio is pro-business and offers competitive incentives for attracting and recruiting businesses to San Antonio. The incentives are used to expand and diversify the local economy by growing those targeted industries that create wealth and increase personal earnings. These incentive programs are intended to increase long-term private-sector investment, while promoting improved quality of life and development in less developed areas of the community. The City offers these incentive programs individually and in conjunction with other economic development partners, including Bexar County. Some of these incentives include tax incentives, low interest loan programs, business assistance, economic zones that provide federal and state tax relief, workforce training, and Foreign Trade Zone benefits. Recent and major ongoing initiatives include:

Tax Phase-In Program

The City offers property tax phase-ins for 6 and 10-year terms for companies that meet or exceed criteria for real or personal property investment; full-time, permanent job creation; wage requirements; and access to health care for employees and dependents. Eligible industries include aviation/aerospace, biotechnology, information technology and security, logistics and distribution, and telecommunications, high-level business services, manufacturing and agribusiness.

Incentive Scorecard System

The City's Economic Development Department recently implemented a new "Incentive Scorecard" System to encourage a higher level of targeted investment in San Antonio. The I-Scorecard is a web-enabled process by which developers may apply for certain incentives and fee waivers offered by or through the City for specific types of development in targeted areas. The new system establishes criteria for administrative review of incentives for qualifying projects, and is designed to be easy to use, to minimize subjectivity, and prolonged negotiations. The Internet address for the I-Scorecard system is sanantonio.gov/incentives.

Empowerment and Defense Zones

On January 16, 2002, San Antonio was selected as one of seven cities throughout the country to receive a Round III Urban Empowerment Zone designation through the U.S. Department of Housing and Urban Development (HUD). The Empowerment Zone (FedEZ) program is designed to promote economic development in distressed communities by using public funds and tax incentives as catalysts for



private investment. Businesses located within an Empowerment Zone are eligible to take advantage of Federal tax incentives to hire residents and to expand or improve their business operations. Increased business development within the Zone facilitates job opportunities for FedEZ residents and improves access to goods and services, promoting long-term community revitalization. The San Antonio Empowerment Zone consists of twenty-one census tracts in and around the City's central business district and three developable sites. These sites include Brooks City-Base, the Fredericksburg Road Corridor, and KellyUSA/Toyota plant site.

Development & Business Services Center

In March 2003, the City of San Antonio's new Development and Business Services Center (i.e. One-Stop Center) opened to serve companies or individuals seeking permitting, platting, building inspections, and business start-up assistance. Featuring state-of-the-art software and an emphasis on customer service excellence, the center is a key component in the City's efforts to streamline business development processes.

Unified Development Code (UDC)

In 2002, the City Council approved a new Unified Development Code (UDC). The new code is designed to help encourage balanced development, address neighborhood needs, provide more certainty in the development process, and remove barriers to businesses. Five new land use development patterns and four zoning districts provide additional flexibility for targeted areas.

South Texas Business Fund (STBF)

Since its founding in 1978, the South Texas Business Fund (formerly the San Antonio Local Development Company) has provided more than \$275 million in loans to businesses in its original San Antonio regional service area. South Texas Business Fund has expanded its quarter-century mission to support small business development and growth through outreach, financing programs, technical assistance and education. Now, as a statewide SBA-certified lender, the South Texas Business Fund will support the growth of businesses throughout South Texas with loans from \$15,000 to \$4 million, at competitive rates and longer terms. In a continuing effort to focus on small business development in San Antonio, South Texas Business Fund has raised \$2 million in capital for the Inner City Loan Fund to finance business development inside Loop 1604 and created the Bill Sinkin Loan Fund in honor of Mr. Sinkin's contributions to the City of San Antonio and his efforts to promote equality in business. The fund provides capital to women and minority owned businesses.

Small Business Outreach

The Economic Development Department's Small Business Outreach Division consists of the First Point Business Information Office (First Point), the Small Business Economic Development Advocacy (SBEDA) Program, and the Procurement Technical Assistance Center (PTAC). First Point assists individuals in the planning stages of starting or expanding a business. First Point also provides guidance regarding the site development and regulatory processes. The SBEDA and PTAC programs assist small businesses to increase contracting opportunities with local, state, and federal governments. The SBEDA program mission is to help small, minority, African-American, and women-owned business enterprises (SBE/MBE/AABE/WBE) pursue and obtain City contracts. The PTAC provides a variety of tools and services that help local businesses identify government contracting opportunities, develop a workable business plan, sharpen marketing skills, and write winning bid proposals. PTAC also assists small businesses in becoming HUBZone certified. The purpose of the HUBZone Program is to provide federal contracting assistance for qualified small business concerns that are located in historically underutilized zones; increase employment opportunities; stimulate capital investment in those geographic areas; and empower communities through economic leveraging and the multiplier effect.

Convention Center Hotel

The City has created a Convention Center Hotel Advisory Board, which is advising City Council on the development of a premier, full-service convention center hotel that should be completed before the end of the decade. In 2004, the City plans to issue a Request for Proposals to interested developers and then negotiate development agreements with the preferred development team. It is anticipated that the project will break ground in early 2005 and be under construction for 36 months.

PARTNERSHIP ENTITIES

ECONOMIC DEVELOPMENT PROGRAMS

Governor's Regional Office for Economic Development

In October 2003, the Governor's Regional Office for Economic Development opened a South Texas Regional Office in San Antonio that will serve a 70-county region. The Governor's Regional Office for Economic Development is tasked with: 1) promoting regional cooperation between diverse economic development organizations; 2) creating a regional "one-stop shop" at the state level with the assistance



of relevant state agencies; and 3) facilitating domestic and international corporate relocation and expansion projects in South and Central Texas.

Institute for Economic Development (UTSA)

The Institute for Economic Development located at UTSA's Downtown Campus provides ongoing consulting, training, technical, research and information services, in tandem with University-based assets and resources, and other state, federal and local agencies, to facilitate economic, community, and business development throughout South Texas and the Border Region. The Institute's programs serve 79 counties in Southwest Texas and the Border Region and three states—Texas, Oklahoma, and Louisiana. Some specialized services are provided on the national level. The Institute currently comprises 10 centers and programs, serving over 25,000 clients annually, and offering a variety of business and economic development services.

Bexar County

Bexar County, like the City, also offers property tax abatements for up to 6 or 10 years based on the project's location, investment, jobs and wages. In 2004, the City and the County adopted a joint set of tax phase-in guidelines and now utilize a common application for use by businesses seeking a tax abatement.

San Antonio Economic Development Foundation

The San Antonio Economic Development Foundation (EDF) is a private, non-profit organization that assists business and industry relocating or expanding into the San Antonio area. Since its inception in 1975, the Foundation has been directly responsible for bringing more than 170 companies to our city and creating more than 50,000 jobs for the people of San Antonio. Conservatively, more than 35,000 additional indirect jobs have been created as a result of these company locations, contributing to a total economic impact of \$2.4 billion in the year 2000 alone.

Chambers of Commerce

Ten chambers of commerce operating in the San Antonio area provide a variety of private sector economic development initiatives and business services. The chambers provide a voice for businesses large and small in local and regional economic development efforts. The chambers include: The African American Chamber of Commerce, the Alamo City Chamber of Commerce, the Greater San Antonio Chamber of Commerce, the North San Antonio Chamber of Commerce, the Randolph Metrocom Chamber of Commerce, the San Antonio Hispanic Chamber of Commerce, the San Antonio Women's Chamber of Commerce,

the South San Antonio Chamber of Commerce, the Taiwanese Chamber of Commerce, and the West San Antonio Chamber of Commerce.

Public Utilities

Water and energy utilities in San Antonio, including City Public Service and the San Antonio Water System (SAWS), provide a variety of economic development services to existing and potential businesses to encourage growth and retention of San Antonio-based firms.

Alamo Area Council of Governments

Established in 1967, the Alamo Area Council of Governments (AACOG) is a voluntary association of local governments and organizations that serves its members through planning, information and coordination activities. The 12 counties that comprise the AACOG planning region include Atascosa, Banderita, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson. AACOG is designated as the regional clearinghouse that reviews and comments upon grant applications submitted for state and federal funding by organizations throughout the 12-county region. AACOG also provides technical assistance to member governments in their planning functions, preparation of applications and the administration of area-wide programs.

D. INTERNATIONAL BUSINESS INITIATIVES

Through its strategic location in South Texas, its diverse culture, its long-standing history as center of trade with Mexico and other Latin American countries, and its well-developed transportation infrastructure, San Antonio offers companies excellent opportunities to participate in international trade and commerce. Recent and ongoing initiatives include:

Inland Port San Antonio

Through the collaborative efforts of the Free Trade Alliance, KellyUSA, the San Antonio International Airport (SAT), the City of San Antonio, and other partners, significant investments are being made to San Antonio's transportation infrastructure to implement the Inland Port San Antonio concept. The Inland Port San Antonio concept envisions the continued development of San Antonio into a world-class logistics/distribution center for trade, particularly with Mexico and Latin America. Key components of the Inland Port strategy include the development and expansion of air cargo services



at both KellyUSA and SAT, permanent Port of Entry status for SAT, establishment of cross border trucking services between the US and Mexico, implementation and deployment of the proposed International Trade Data System (ITDS) to further automate the paperwork process of trade, development of a Trade Processing Center with all trade processing services and facilities co-located in close proximity, and a variety of highway and major arterial enhancements to provide essential transportation capacity.

Free Trade Alliance San Antonio

Free Trade Alliance (FTA) San Antonio is a public-private partnership committed to developing and enhancing international trade related, economic development of San Antonio through investment and business development advocacy. The Free Trade Alliance is the lead economic development organization for developing and promoting the Inland Port San Antonio strategy, a city-wide initiative which supports the establishment of all transportation, logistics and trade services and facilities related to international trade processing.

International Affairs Department

The International Affairs Department of the City of San Antonio is the focal point for international business and trade inquiries, as well as for diplomatic guidance for the hosting of official international visitors. The Department is committed to enhancing the role San Antonio will play in the age of globalization, and coordinates trade missions to Africa, Brazil, Canada, Chili, China, Germany, Japan, Mexico, Spain, and other international partners to promote San Antonio's high technology industries and facilitate business between San Antonio and our foreign partners.

Foreign Trade Zone

San Antonio is home to Foreign Trade Zone No. 80. Foreign Trade Zone benefits include: relief from inverted tariffs; duty exemption on re-exports; duty elimination on waste, scrap, and yield loss; and duty deferral until merchandise is imported from the FTZ into the United States. If a company is interested in seeking FTZ designation, the City's Economic Development Department assists companies in that process.

E. QUALITY OF LIFE INITIATIVES

As outlined in the community profile section that follows, San Antonio and surrounding areas offer a dynamic and enjoyable quality of life for residents. Initiatives currently underway to further enhance the

local and regional quality of life include:

Southside Balanced Growth Initiative

The Southside Balanced Growth Initiative is a long-term planning and development effort to create communities of choice in San Antonio's southern sector. During recent decades San Antonio has experienced significant residential and commercial development in the northern and western sectors, but little investment to the south. Unfortunately, the Edwards Aquifer recharge zone the principal water supply, lies to the city's north and west. Channeling growth away from these areas and toward the south thus achieves several goals simultaneously. The goal of the Southside Initiative is to promote sustainable development and economic growth in an area rich with environmental, historical, human and economic resources. The Southside Balanced Growth Initiative addresses these challenges through community education, a visioning and master planning process, an extensive legislative program at the state and local level, the establishment of a local management district, and a public education partnership.

The Southside Initiative has brought community members together to envision an alternative to inefficient growth patterns. By starting with a set of guiding principles for sustainable development and then working with stakeholders to create a statement of community values, the initiative creates a new development model where citizens are empowered to envision their own future. This process allowed residents and landowners to proactively address Toyota Motor Company on February 2003, when they announced the building of their sixth North American manufacturing plant in the South Side Initiative area.

San Antonio River Channel Improvements

The San Antonio River initiative supports improvements and investments for flood control, environmental restoration, and recreation, including pedestrian and bicycle trails and linkages to existing trail systems. Channel restoration efforts are designed to improve the water quality in the river and provide an increased and diverse population of grasses, trees, aquatic and animal species while partially restoring meanders and riffles of a natural river. Public use of the trail system, which includes security lighting, park benches, landscaping, artwork, and signage, will provide quality of life improvements to the general public and promote increased economic development in areas near the improvements. Use of the river trails will connect businesses/neighborhoods and link cultural resources of museums and the missions.



The project improves 13 miles of river, four from Josephine Street to Hildebrand and nine from South Alamo to Loop 410. The project is a partnership among the City of San Antonio, Bexar County, the San Antonio River Oversight Committee representing key stakeholders, the US Army Corps of Engineers (COE), private sector funding, and the San Antonio River Authority serving as the project manager. Construction funding will be phased with construction occurring from 2006 through 2010.

Houston Street Redevelopment

With the opening of the Hotel Valencia, new restaurants and new entertainment hot spots, historic Houston Street is coming back to life! The revitalization occurring in Tax Increment Reinvestment Zone (TIRZ # 9) is the product of a close collaboration between the City, County and other taxing entities working with private sector partners. In addition to the renovation of Houston Street properties, the TIRZ # 9 collaboration has prompted the development of the St. Mary's Street Parking Garage, Presa Street Linkage, Houston Street Court, Houston Street Linkage Project, Historic Civic Center and the public and private improvements on Crockett Street.

The Cultural Collaborative

The City of San Antonio is currently engaged in a community cultural planning initiative, The Cultural Collaborative: A Community Plan for San Antonio's Creative Economy (TCC). TCC is a community partnership to enhance San Antonio's cultural resources, position our city for greater economic investment, and improve the overall quality of life. Through cooperative effort, the public, private, and cultural sectors of our community are working to develop a plan to create a thriving creative industry in San Antonio.

With the guidance of TCC's Steering Committee, co-chaired by Mayor Ed Garza and Bexar County Judge Nelson Wolff, and a professional team of cultural planning experts, TCC's mission is to develop a dynamic action plan for a strong and sustainable arts and cultural community through extensive research and public engagement. Focus areas include arts and culture's role in neighborhood revitalization, workforce and private sector issues, education, tourism, enhancing the existing arts and cultural infrastructure, and augmenting resources. TCC will provide analyses of research results and community input, detailed assessment of issues and challenges facing San Antonio's cultural community, and action strategies for implementing short- and long-term solutions.

In November 2003, the Office of Cultural Affairs and Department of Economic Development launched

TCC through Finding Ways: A Conference on Art, Culture, and Economic Development in San Antonio. Receiving a standing ovation from a crowd of over 400 people, keynote speaker Dr. Richard Florida stressed the importance of using a vibrant cultural infrastructure to attract and retain creative individuals and businesses to San Antonio, ultimately contributing to a strong and healthy local economy. Dr. Florida is Carnegie Mellon University's Heinz Professor of Economic Development and the acclaimed author of the best-selling book, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life*.

Citywide community forums will begin during the first half of 2004 and the first implementation strategies are expected to be in place by summer 2004.



6 VI. Community Economic Development Profile

A. DEMOGRAPHIC PROFILE

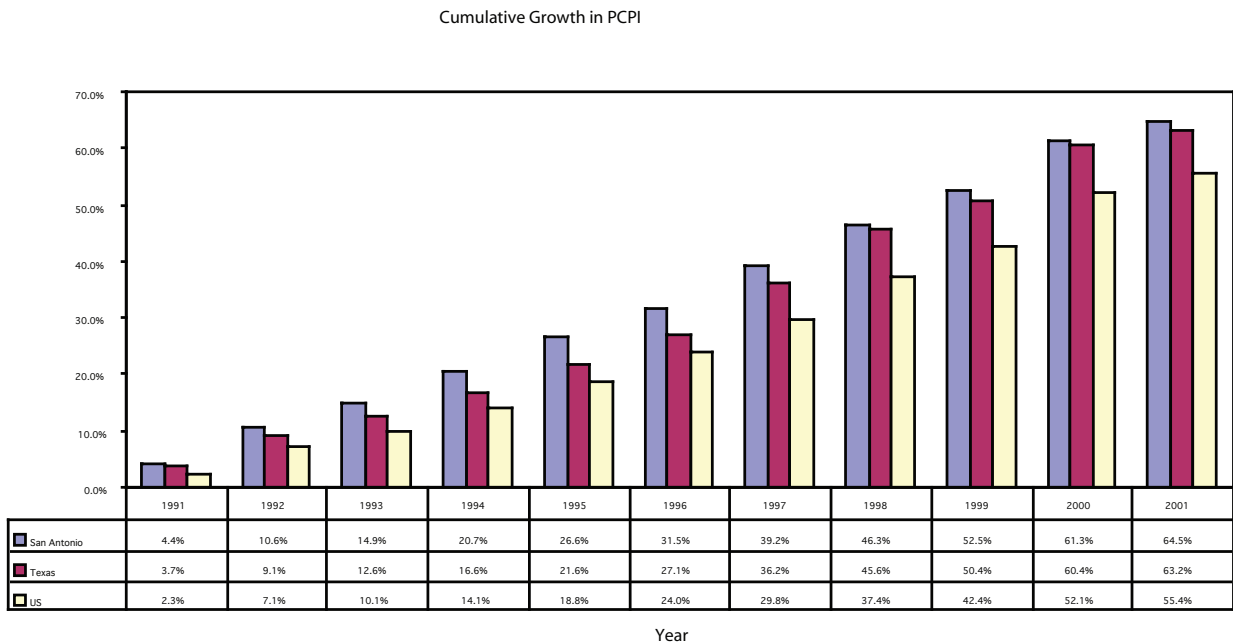
San Antonio is the ninth largest city in the United States and the third largest city in Texas. According to 2002 census bureau estimates, the city's population has grown by 27.6 percent since 1990. San Antonio's 1.2 million residents live within a geographic area of 430 square miles, and 1.6 million people reside within a four county area known as the San Antonio Metropolitan Statistical Area (MSA), which includes the counties of Bexar, Comal, Wilson, and Guadalupe. Four additional counties will be officially added to the MSA in 2005.

Population growth trends for the San Antonio MSA are in line with population trends for the state of Texas, both of which are experiencing far greater population growth when compared to the United States. According to 2000 U.S. census statistics, approximately 42% to 43% of the residents of the San Antonio MSA are in the range of 21 years to 49 years. Approximately 33% of the residents are under 21 years while approximately 24% are older than 49 years. The median age of the San Antonio MSA resident is 32.99 years.

ECONOMIC INDICATORS:

1. PER CAPITA INCOME

The cumulative per capita income growth exceeded rates of growth in both Texas and the United States for each year from 1991 through 2001. In 1991, per capita income in San Antonio was \$17,053, 86% of the national average. As of 2001, San Antonio's cumulative rate of growth exceeded the growth of the United States by over 9%, pushing the region's per capita income to 88% of the national average at \$26,887.



Source: U.S. Bureau of Economic Analysis

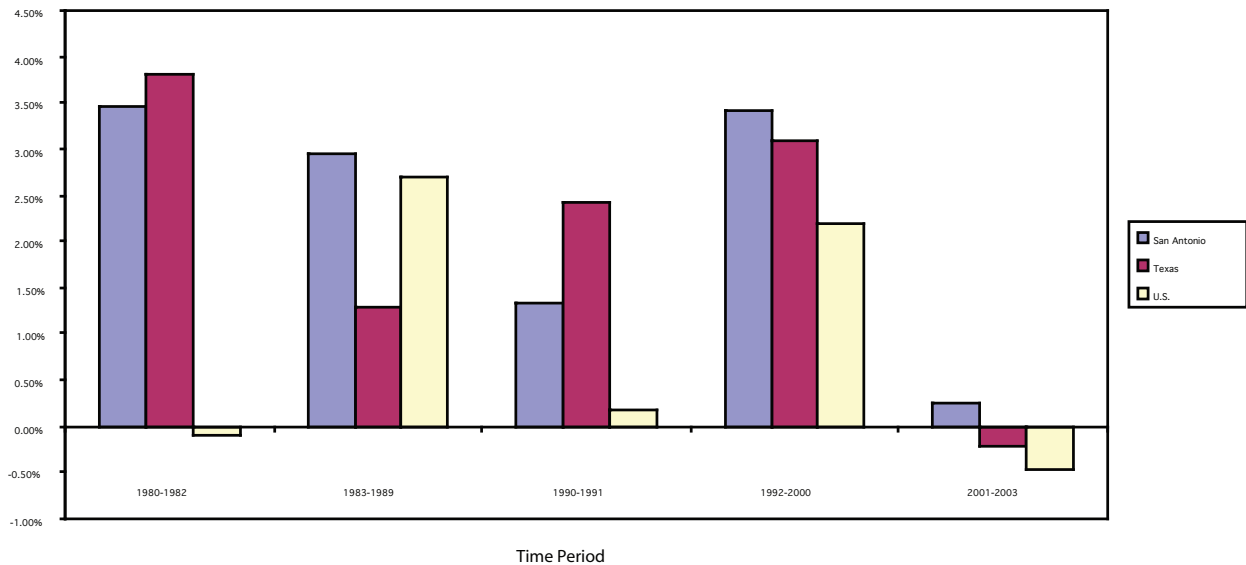


2. AVERAGE ANNUAL GROWTH IN EMPLOYMENT:

The diversification of San Antonio's economy allows the region to experience economic growth during the expansionary phases of the business cycle, while providing protection against declines during economic recessions. The following graph compares the region's average annual growth in nonfarm employment during both periods of recessions and/or low employment growth (1980-1982, 1990-1991, and 2001-2003), as well as during economic expansions (1983-1989 and 1992-2000). This provides evidence of the strength and resilience of the San Antonio's economy, as the region's employment grew faster than either the state's or the nation's during economic expansions. Yet, during the recessions, when either the nation's and/or the state's employment levels shrank, employment in San Antonio continued to grow.

Average Annual Growth in Employment by Business Cycle

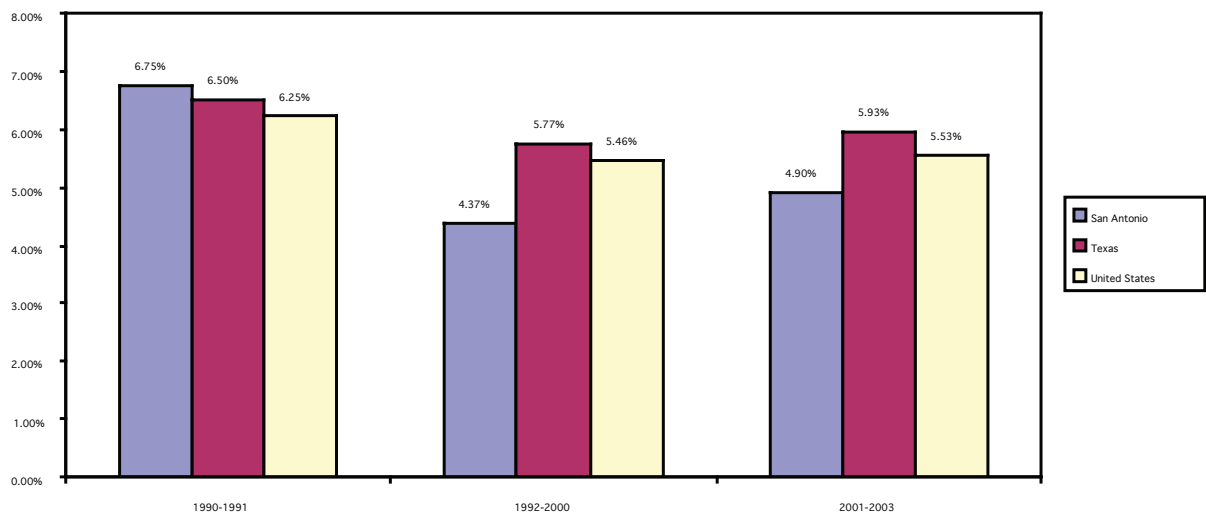
Source: U.S. Bureau of Labor Statistics



3. UNEMPLOYMENT RATE:

The average annual unemployment rate for San Antonio during the 1990-1991 recession was slightly higher than the rate for Texas and the United States. However, during the economic expansion of 1992-2000, San Antonio's economy exhibited its resiliency by pushing the unemployment rate down to 4.37% on average, below both Texas and the United States. The recent recession and jobless recovery pushed unemployment rates higher throughout the country, but San Antonio's diversified economy showed some resistance to the increase as evidenced by its lower unemployment rate of 4.90% relative to a rate of 5.93% for Texas and 5.53% for the country as a whole.

Average Unemployment by Stages of the Business Cycle

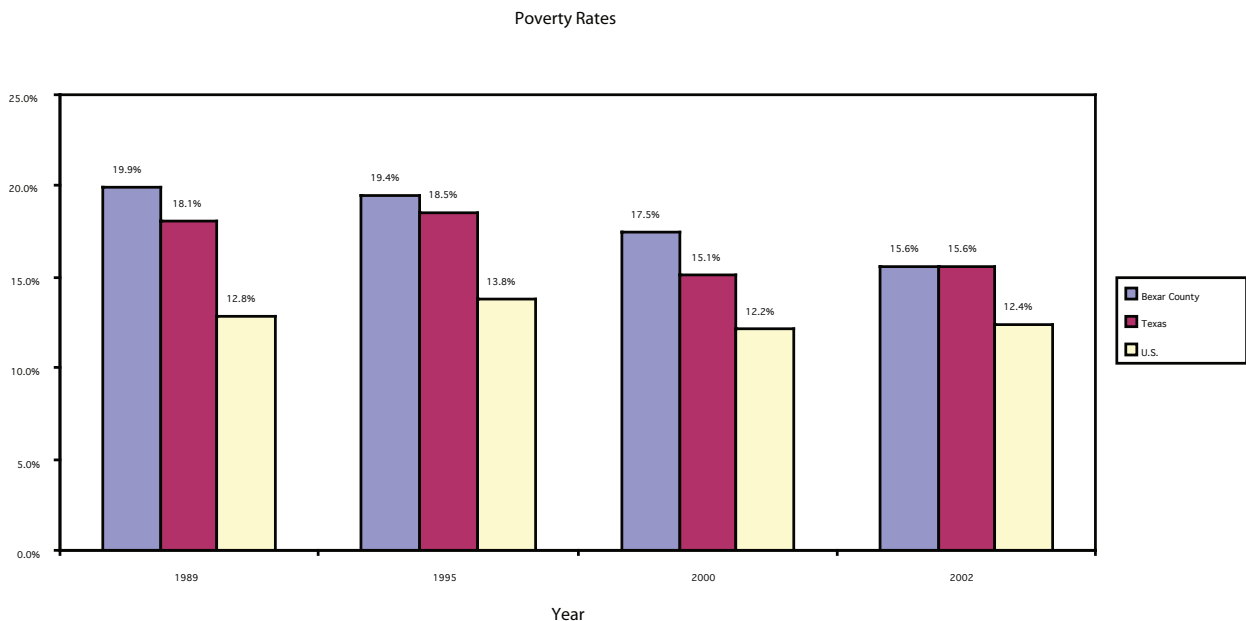


Source: Federal Reserve Bank of Dallas

Years

4. POVERTY RATE :

The poverty rate in Bexar County continually decreased from 1989 through 2002. While Bexar County's poverty rate exceeded both the rate for Texas and the United States, its decline has now brought it even with the poverty rate in Texas, and it is rapidly approaching the poverty rate for the United States. Further evidence of the decline of poverty in the San Antonio region is given by the fact that the San Antonio metropolitan area experienced the second largest percentage decrease (70.1%) in the number of people living in high-poverty neighborhoods during the 1990s. In other words, 107,272 people moved out of the high-poverty areas in San Antonio during this time period.¹



Source: U.S. Census Bureau

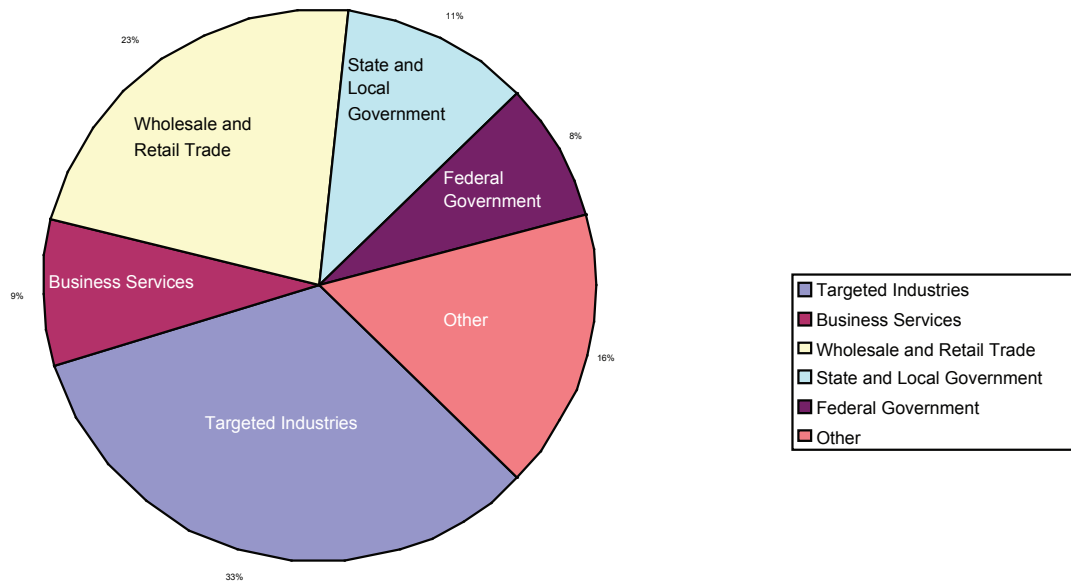
¹ Paul A. Jargowsky. May 2003. "Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s." The Brookings Institution.



5. EMPLOYMENT COMPOSITION:

Growing from a region whose economy was once based upon the military and government sectors, San Antonio has successfully developed into a more diversified economy. While the stability provided by the military and government sectors are still about 19% of the local economy, 33% of the San Antonio economy now consists of Targeted Industries – aerospace, biotechnology/healthcare, information technology logistics and distribution, telecommunications, and visitor-related industries – as measured by employment. In fact, the biotechnology/healthcare is the largest industry, with an economic impact of \$11.9 billion in 2002. The balance derived from this diversification has allowed the region to participate in the rapid growth of economic expansions, but it has also provided economic stability in the region during economic downturns.

Composition of the San Antonio Economy by Employment, 2003



NOTES:

1. Manufacturing includes mining.
2. State and Local Government includes education and state and local government employment.
3. Federal Government includes military and federal government civilian employment.
4. Other includes other services, agribusiness, construction, and utilities.
5. Targeted industries includes aerospace, biotech-healthcare, visitor-related, information technology, logistics and distribution, telecommunications, and manufacturing.

Source: Texas Workforce Commission; City of San Antonio Economic Development Department

B. STRATEGIC ADVANTAGES

San Antonio provides an excellent business climate and an enviable quality of life. The strengths of the economy offer an opportunity to provide comparative advantages to support the local economic development strategy. San Antonio's economic strengths include:

- Strong quality of life
- Strategic geographic location

- Established physical infrastructure
- Quality education and research institutions

STRONG QUALITY OF LIFE

San Antonio is a unique city with deeply rooted traditions and a 21st century cosmopolitan flair. Our distinct local character provides a strong quality of life that anchors successful community economic development. Our climate, open spaces, housing options, low cost of living, recreational opportunities, and cultural diversity make San Antonio an extremely attractive place to live, work, and play.

Influenced by many cultures, San Antonio has all the

amenities of a major urban area. Outdoor activities offered range from the Texas Hill Country to the north, Big Bend National Park to the west and the Gulf Coast beaches to the south. The Paseo del Rio, which is also known as the "River Walk", is considered a contemporary streetscaping masterpiece. San Antonio offers major art & cultural museums, touring companies, amusement parks, and a variety of spectator sports including the San Antonio Spurs (2003 NBA Champions), the San Antonio Silver Stars (WNBA), the San Antonio Missions (Texas League Baseball), the San Antonio Rampage (American Hockey League), the Texas Open (golf), and the Senior PGA Tour. San Antonio also hosts the annual Alamo Bowl college football game and will serve as the venue for the 2004 College Men's Basketball Final Four.

STRATEGIC GEOGRAPHIC LOCATION

As illustrated in the map below, San Antonio is strategically located in the southern-center of the United States, and its proximity to all of Mexico makes it a well-positioned transshipment point and an international trade distribution hub.

Our unique location includes our position approximately 1,400 miles from Los Angeles, Baltimore, Philadelphia, and Detroit, and 300-mile distance from Monterrey, Mexico. San Antonio is a crossroads for major railroads and interstate highways connected to the Mexican transportation system, with direct access to the seaports of Corpus Christi, Houston, and Long Beach. San Antonio's close proximity to Austin, Texas also offers opportunities for economic synergy.

ESTABLISHED PHYSICAL INFRASTRUCTURE

One of the leading factors that attract and sustain businesses in a community is the quality of its physical infrastructure. This is increasingly true in an era when operating costs and liability to rapidly move goods and services are crucial to remain competitive. San Antonio has been involved in the planning and development of its regional infrastructure and continues to pursue further improvements. The City has an extensive public and private infrastructure that includes: three aviation facilities, well-developed streets and highways that comprise more than 13,000 lane miles, four active military bases, extensive water and power systems, a vibrant Downtown area consisting of the Riverwalk, Convention Center, and the Alamodome, and a new professional sports arena, the SBC Center. Contributing to the strengths of the city's infrastructure are the municipally-owned utilities consisting of the San Antonio Water System and City Public Service. These are just a

few components of San Antonio's well-developed physical infrastructure.

Aviation

San Antonio has three aviation facilities that include the San Antonio International Airport, Stinson Municipal Airport, and KellyUSA, two of which are capable of providing passenger and air cargo service to points throughout North America and the world. The facilities are strategically located within a 15-minute drive from the downtown central business district. San Antonio International Airport provides passenger and air cargo services, including a 1.16 million total square-foot operating facility that handles airline belly freight and air cargo operations. Stinson Municipal Airport is the designated reliever of the international airport for general aviation. KellyUSA, formerly Kelly Air Force Base, is currently establishing air cargo facilities to support a multi-faceted, commercial industrial/business complex run by the Greater Kelly Development Authority. Kelly's many advantages are its strategic location, rail service, runway accessibility, close proximity to other aviation facilities, direct access to shipping ports, 4 million square feet of warehouse storage, and manufacturing space.

City Streets And Highways

State-of-the-art technology is being used to improve traffic flow and decrease traffic congestion in major thoroughfares through the leveraging of funds between the City and the Metropolitan Planning Organization (MPO). The Texas Department of Transportation (TxDOT) has established a computerized highway information system known as Transguide, short for Transguide System High Tech Freeway Surveillance System. The cooperation and planning between the City, Metropolitan Planning Organization (MPO), and TxDOT has been cited as a model for other urban areas.

Railroads

The Union Pacific Railroad and the Burlington Northern Railroad provide rail service to San Antonio from cities throughout the U.S. and cities along the U.S.-Mexico border. Cities such as Chicago, St. Louis, Houston, Laredo, Brownsville, Los Angeles, and Seattle are just a few accessible by rail.

Connections To Seaports

Through the use of the extensive interstate highway and rail networks serving San Antonio, virtually any seaport in the United States can be accessed via San Antonio. Ports in cities such as Corpus Christi, Houston, New Orleans, Long Beach, and Seattle can help shipments from San Antonio reach any destination in the world.



Public Transportation

VIA Metropolitan Transit is funded through a one-half cent sales tax, fare box revenues, and federal funds. VIA operates an extensive route network and fleet of buses that service the San Antonio metropolitan area. There are eight Park & Ride facilities around the city and numerous vehicles equipped for elderly and disabled persons. In addition, replicas of turn-of-the-century streetcars serve the central business district.

Water

Ensuring the City's future water supply is vital to economic development because neither industry nor communities can grow if their sources of water supply are not secure. San Antonio's primary water supply is ground water from the Edwards Aquifer and is operated by the San Antonio Water System and the Bexar Metropolitan Water System. Recent community efforts have focused on a number of short and long-term water protection initiatives that will ensure a healthy and plentiful water supply for the next 50 years.

Gas / Electric

Planning and developing future power for a region has become a crucial factor in stabilizing industrial productivity and attracting new enterprises. City Public Service provides a stable energy supply and pricing structure through the implementation of a comprehensive strategic plan. CPS offers some of the lowest rates in the country for industrial and residential users.

Telephone

San Antonio is headquarters for Southwestern Bell Corporation (SBC) and has experienced considerable improvement in the supply of fiber optic telecommunications infrastructure. The City is an advocate for greater development and provides permits for multiple vendors laying fiber and developing new high speed switching hubs and computer file-server 'hotels' in the city. SBC provides a state-of-the-art communications infrastructure including fiber optics, Integrated Service Digital Network (ISDN) capabilities, and Advanced Intelligent Network (AIN) technology. These technologies meet the voice, data, and video requirements of today and the future.

Cable Service

Time Warner Cable is the primary provider of cable service in the metropolitan area. Other providers include Grande Communications and Western Integrated Networks (WIN).

QUALITY EDUCATION AND RESEARCH INSTITUTIONS

Education

Education is one of the highest priorities of San Antonio's citizens. Progressive leaders have recognized that quality education should begin with the earliest childhood education experiences and continue through higher education and into the workplace. Among the educational innovations has been the development of the academies model, which partners employers, secondary and higher education, with government and workforce development to create a unique model responsive to the needs of San Antonio.

Home also to many exceptional educational institutions, San Antonio offers a variety of options, from two-year degree to graduate and doctoral programs. There are thirteen public and private institutions of higher learning providing classes to over 90,000 students. San Antonio is unique in Texas as the only city to have acquired campuses of the two largest university systems in the state, the University of Texas, and Texas A & M University System. Unique also, is the relationship with the National Autonomous University of Mexico, which maintains its only branch outside of Mexico in San Antonio.

Research Institutions

Several distinguished centers of research, medicine, and high-technology operations are based in San Antonio. Highly educated professionals conduct a variety of contractual research, military medical training, high-technology manufacturing, and development activities at operations throughout the community. Such activities occur at the following locations: UT Health Science Center – San Antonio, Southwest Foundation for Biomedical Research, Southwest Research Institute (SWRI), Texas Research Park (TRP), Brooks City-Base, Air Force Center for Environmental Excellence, USAF School of Aerospace Medicine, Cancer Therapy and Research Center (CTRC), Brooke Army Medical Center (BAMC), U.S. Army Institute of Surgical Research, U.S. Army Medical Department Center and School, USAF Wilford Hall Medical Complex, ILEX Oncology, Inc., OsteoBiologics, and Lipitek International.



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VII. Summary

A. San Antonio, Inc.: Setting the Stage for the San Antonio Century

As evidenced by the numerous initiatives and projects underway, the San Antonio region is committed to continuous improvement and will actively seek new opportunities and partnerships to accelerate progress towards San Antonio's enhanced economy. The region must also continue to support collaborative networks that help define and address industry needs. The City will serve as both a catalyst and partner in identifying new sources of comparative advantage and leveraging existing ones.

Capitalizing on San Antonio's economic advantages will attract compatible new investment from existing and incoming companies. Investments by these firms in hiring and training personnel, research and development, capital, and philanthropy, will in turn continue to enhance the strength and quality of San Antonio's economy. Given the current stability of the local economy, any benefits of an enhanced economic development that will be realized by public and private sector organizations are dependent on how effectively the community develops its existing and future workforce to meet new demands. For this reason, enriching workforce development is a central theme of the Economic Development Strategic Plan.

Furthermore, infrastructure planning and processes developed in recent years have revolutionized the way we do business; consequently, new collaborative mechanisms have arisen in response to these global changes. The community is learning more about industry needs and how to build links between the suppliers of important inputs, and those who produce and export products from the San Antonio region.

Likewise, San Antonio's economic development strategy will continuously adapt to support this process. As we add to our knowledge base and act on new and evolving principles of economic development and competitiveness, institutions and stakeholders will be increasingly asked to collaborate as partners in shaping the region's new economy.

The time is ripe for San Antonio to harness its economic fate and forge strategic partnerships that will make the city's dream of prosperity for the future a reality. At the core of the Strategic Plan for Enhanced Economic Development exists a fundamental truth: to attain the economic future desired for San Antonio, both public and private stakeholders must continue to be leaders in collaborative innovation. This process of partnering has begun through programs such as San Antonio, Inc., SATAI, the three workforce Academies, Community Revitalization Action Group, Joint Tax Phase-In Guidelines, as well as a host of other projects. San Antonio, Inc. strives to incorporate the products of these model partnerships and build upon their momentum, moving San Antonio ever closer to the fulfillment of its goals in making the 21st Century the San Antonio Century.



B. San Antonio, Inc. Executive Board

An Economic Collaborative

Alamo Area Council of Governments
Alamo City Chamber of Commerce
Alamo Community College District
Alamo Workforce Development
Bexar County
City of San Antonio
City Public Service
Free Trade Alliance
Governor's Regional Office for Economic Development
Greater San Antonio Chamber of Commerce
North San Antonio Chamber of Commerce
San Antonio Economic Development Foundation
San Antonio Hispanic Chamber of Commerce
San Antonio Technology Accelerator Initiative
San Antonio Water System
San Antonio Women's Chamber of Commerce
South San Antonio Chamber of Commerce
UTSA Institute for Economic Development

EDD CONTRIBUTING STAFF:

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Trey Jacobson, Assistant Director
Ed Davis, Economic Development Manager
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Phone: 210-207-8080
Fax: 210-207-8151
sanantonio.gov/sainc**

C. Special Thanks and Recognition

CITY COUNCIL (2003 –2005):

Edward D. Garza, Mayor
Roger O., Flores, DISTRICT 1
Joel Williams, DISTRICT 2
Ron H. Segovia, DISTRICT 3
Richard Perez, DISTRICT 4
Patti Radle, DISTRICT 5
Enrique M. Barrera, DISTRICT 6
Julián Castro, DISTRICT 7
Art A. Hall, DISTRICT 8
Carroll W. Schubert, DISTRICT 9
Chip Haass, DISTRICT 10

CITY MANAGER:

Terry M. Brechtel

EXECUTIVE TEAM:

J. Rolando Bono, Deputy City Manager
Christopher J. Brady, Assistant City Manager
Jelynn LeBlanc Burley, Assistant City Manager
Frances A. Gonzalez, Assistant City Manager
Melissa Byrne Vossmer, Assistant City Manager
Roland A. Lozano, Assistant to the City Manager
Erik J. Walsh, Assistant to the City Manager



This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, providing a guide for handwriting or typing. The paper itself is a clean, off-white color.

A large, stylized graphic in the background depicts a hand holding a pen, rendered in white and light gray against a dark gray background. The hand is positioned as if writing, with the pen tip pointing towards the bottom left. The graphic is composed of solid shapes and outlines, creating a modern, minimalist aesthetic.

SA INC.